The Journal of Social, Political and Economic Studies

Summer 1985 Vol. 10, No. 2

star wars: some less frequently discussed considerations
ROBERT C. RICHARDSON III

the economic modernization of mainland china:
problems and prospects
DONALD J. SENESE

saudi arabia's islamic growth model
applications to monetary and banking policy
ROBERT E. LOONEY

women and war: the case of israel
YAEL YISHAI

state schools *versus* parental rights:
the legacy of lester frank ward
STEPHEN J. SNIEGOSKI

mahatma gandhi and karl marx:
ramorajya and the stateless society
DIPENDRA SINHA

playing the social science card:
a new option for non-activist attorneys?
RALPH SCOTT

Council for Social and Economic Studies

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

OUR CONTRIBUTORS TO THIS ISSUE

Robert E. Looney – Associate Professor of National Security Affairs, Naval Postgraduate School, Monterey, California; **Robert C. Richardson III** – Brigadier General, United States Air Force (Ret.) and Director, High Frontier Inc., Washington, D.C.; **Ralph Scott** – Director, Educational Clinic, University of Iowa; **Donald J. Senese** – Formerly Assistant Secretary for Educational Research and Development, United States Department of Education, Washington, D.C.; **Dipendra Sinha** – Professor of Economics, University of Nebraska; **Stephen J. Sniegoski** – Historian, Department of Education, Washington, D.C.; **Yael Yishai** – Professor of Political Science, University of Haifa, Israel.

Copyright © The Council for Social and Economic Studies

The Journal of Social, Political and Economic Studies is a referred journal published quarterly by the Council for Social and Economic Studies in cooperation with the Contemporary Economics and Business Association at George Mason University. The address for the correspondence is Suite Comm 2, 1133 13th Street, N.W., Washington, D.C. 20005. (Telephone: 202/789-0231). Formerly known as the *Journal of Social and Political Studies*, the subscription rate if $40 per annum for libraries, institutions and other corporate bodies. Reduced three year subscription rates are available at a cost of $110 for libraries and other corporate bodies (twelve issues). Special subscription rates are available to faculty members, students, and other private individuals at the reduced rate of $20 per year or $55 for three years. Members of the academic community and other interested readers are invited to consult the General Editor at the foregoing address concerning articles which they may wish to submit for consideration for publication.

ISSN 0193-5941 (Formerly 362-580X)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE JOURNAL OF SOCIAL, POLITICAL AND ECONOMIC STUDIES

ROGER PEARSON
General Editor

Summer 1985 Vol. 10, No. 2

Star Wars: Some Less Frequently Discussed Considerations 131
By Robert C. Richardson III

The Economic Modernization of Mainland China: Problems and Prospects 155
By Donald J. Senese

Saudi Arabia's Islamic Growth Model – Applications to Monetary and Banking Policy 177
By Robert E. Looney

Women and War: The Case of Israel 195
By Yael Yishai

State Schools *versus* Parental Rights: The Legacy of Lester Frank Ward 215
By Stephen J. Sniegoski

Mahatma Gandhi and Karl Marx: *Ramarajya* and the Stateless Society 229
By Dipendra Sinha

Playing the Social Science Card: A New Option for Non-activist Attorneys? 237
By Ralph Scott

Book Reviews 247

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

EDITORIAL BOARD

General Editor
Roger Pearson
Council for Social and Economic Studies
Washington, D.C.

Advisory Committee

James T. Bennett
George Mason University, Virginia

Clint Bolick
Mountain States Legal Foundation

Stuart Butler
Washington, D.C.

Sam S. Crutchfield, Jr.
Washington, D.C.

Daniel Ellegiers
University of Brussels

Julien Freund
University of Strasbourg

Robert E. Gilbert
Northeastern University, Mass.

John H. Hallowell
Duke University

Garrett Hardin
University of California, Santa Barbara

Dan C. Heldman
Washington, D.C.

Clifford A. Kiracofe, Jr.
Washington, D.C.

James Mayall
London School of Economics

James McClellan
Alexandria, Virginia

Maxwell A. Miller
Mountain States Legal Foundation

Robert C. Richardson, III
Washington, D.C.

R.J. Rummel
University of Hawaii at Manoa

Alan Ned Sabrosky
U.S. Army War College, Carlisle, Pa.

Helmut Schelsky
Westfälische University

Robert Schuettinger
Yale University

Kenneth W. Watkins
University of Sheffield

Udo Weiss
Heidelberg University

Oleg Zinam
University of Cincinnati

Russell Kirk
Mecosta, Michigan

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STAR WARS: SOME LESS FREQUENTLY DISCUSSED CONSIDERATIONS

Robert C. Richardson III

Much has been said and written about the technical feasibility of President Reagan's Star Wars proposal. Less has been said about the basic reasons for initiating it at this time and about some of the consequences and implications of pursuing it, or not.

The Administration's proposal is to research the feasibility of building strategic defenses. As a result the majority of the Administration personnel engaged in the program are technical people. This being the case it is logical that only a few senior officials are qualified to discuss conceptual and strategic considerations at present. On the other hand Allied and some Congressional leaders are more interested in the conceptual and political consequences of proceeding with SDI than in technical feasibility.

Debates with our NATO Allies have been especially fruitful in the surfacing of non-technical concerns and arguments both for and against the Star Wars concept. While US speakers and writers tend to be either for or against the President's proposal, Allied officials tend to objectively seek answers without preconceived bias. This article attempts to summarize some of the pros and cons of non-technical issues that were discussed at a recent High Frontier Europa conference in Rotterdam.

On Deterrence of Aggression

One question that some NATO leaders frequently ask with respect to President Reagan's Strategic Defense Initiative proposal, also known as SDI or High Frontier, is: "Have you thought through all the national security and political implications of substituting a combination of futility and fear as the basis for deterrence in lieu of the present Mutual Assured Destruction, or MAD, concept of fear alone?"

Some opponents of SDI argue that, since WW II, major wars have been prevented primarily by fear of the devastating consequences of the use of the atomic weapons that the losing

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

side would inevitably resort to rather than surrender. They then rationalize that the introduction of effective defenses against such weapons, at any level, might encourage resort to these by decreasing the damage prospects.

While this argument is specious in that it counts angels on the head of a pin by presuming a decisive difference in degree, and hence political acceptability, as between atomic damage sustained in a nuclear war wherein the U.S. had no active defenses and the lesser levels that might be incurred given strategic defenses, it does raise a key element in all atomic age strategies and that is the pre-eminent role of deterrence.

The principle objective of President Reagan's Star War program is to perpetuate deterrence of nuclear warfare in an environment in which the strategic nuclear offensive balance has been shifting steadily in favor of the Soviets. Faced with eventual if not existing Soviet strategic superiority, with no SALT type agreements that guarantee rough military equivalence, and a demonstrated lack of economic and political inclination to build whatever additional offensive nuclear systems and multibillion dollar passive defenses might be required to ensure our ability to retaliate effectively in response to a Soviet First Strike, the only course of action is to abandon MAD in favor of a strategy that can guarantee deterrence in this new environment.

Nothing lasts forever, including the validity of national security strategies and policies. While all such strategies can be criticized in some respects, the key consideration must be the goal – in this case the maintenance of an effective deterrent to aggression – and the relative worth, feasibility and acceptability of the ways and means available to do this. The sustained Soviet build up in both offensive and defensive weapons has been eroding the effectiveness of Mutual Assured Destruction (MAD) as a valid deterrent not only to a Soviet First strike but also to their use of perceived superiority for purposes of political blackmail.

Whatever one may think of MAD as a strategy the fact is that it has become obsolete as a reliable deterrent.

So long as the US retained superiority, or at least equivalence, in the strategic arena, MAD may have had some validity. Given the shift that has taken place in the military balance, and the fact that the Soviets have never accepted the MAD

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

concept and have built civil and other defenses to limit damage from any Free World retaliatory strike, we have only 3 basic options:

> Accept Soviet strategic nuclear superiority;
> Pursue a MAD arms race in offensive nuclear weaponry or;
> Change strategy so as to re-establish reliable deterrence.

Inferiority is clearly unacceptable except to those who argue that in the nuclear age relative strength is academic. Even if this were true, the blackmail potential of a decisive military imbalance in favor of the Soviets would still be unacceptable.

Attempting to maintain military equivalence in strategic nuclear capabilities to sustain a credible MAD deterrent in the face of the Soviet build up — that is pursuing a MAD arms race — has proven to be both politically and economically unacceptable.

We in the U.S. tried solving the shifting balance problem by merely throwing money into defense in the early 1980's. It was when it became clear that it would take all the additional funds obtainable to merely rebuild and modernize our previously neglected forces, and that there was no political stomach or "will" to build the several hundreds of MX missiles and B-1 bombers and multi-billion dollar shelters required under the offense-only concept of MAD, that the SDI approach was seriously considered.

So, the primary purpose of the President Reagan High Frontier plan is to perpetuate deterrence in an environment in which the strategic military balance has been clearly shifting in favor of the Soviets, unconstrained by SALT agreements. The alternatives, broadly stated, are to accept inferiority or to participate in an ongoing MAD offensive arms race. The President made this quite clear in his historic speech of 23 March 1983 when he said:

> "The strategy of deterrence has not changed. It still works. But what it takes to maintain deterrence has changed. It took one kind of military force to deter an attack when we had far more nuclear weapons than any other power — it takes another kind now that the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Soviets, for example, have enough accurate and powerful nuclear weapons to destroy virtually all our missiles on the ground."

The above statement was at the beginning of the President's famous speech. His proposal to solve this problem, e.g.: the "other kind of military force," that is, the SDI approach, first appears on page four of the speech in most printed versions. The U.S. press, in typical fashion, largely ignored the first part of the speech and depicted the proposed building of strategic defenses, and the reference to the ultimate elimination of nuclear weapons, as the President's primary goals, rather than the perpetuation of deterrence. This has misled many people with regard to the importance of the plan for the security of the Free World.

The real goal of the Reagan Star Wars plan is to perpetuate deterrence of war. The building of layered defenses is the means by which this can be achieved at a price democracies are prepared to pay. Other benefits to be derived from implementing the plan, such as the reduction of dependence on atomic weaponry, etc., are valuable by-products. Continued deterrence is the real goal and until someone can propose a better and more cost effective way of maintaining deterrence in the present shifting military balance environment, arguments against the plan are essentially academic or delaying tactics.

Unfortunately, ever since the advent of SDI, the publicity given to some of the fringe benefits of the plan, such as to the limitation of damage should deterrence fail, to the protection it affords against accidental launches, or its likely long term impact on the use of nuclear firepower, have caused many people to lose sight of the *basic* and major objective in the whole effort, which is to *maintain effective deterrence of nuclear war.*

I have debated the merits of High Frontier, SDI, and the related need to change US strategy in light of the shifting military balance, for over three years. While I have heard many arguments against Star Wars, no one has yet come up with a satisfactory answer to the question: "All right, how do you suggest we sustain deterrence in the face of a continued Soviet build up of forces? Do you advocate that we match it as necessary by what is perceived to be the military equivalent? or ignore it?"

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

None of our critics seems inclined to pay for an offensive MAD arms race, and most politicians won't run on inferiority as acceptable. To those who sometimes say: " I propose to maintain parity via arms control agreements," the answer is: First, we have tried for 20 years and failed when the U.S. was superior and an agreement would have guaranteed equality. Why should the Soviets now agree when they are well on the way to achieving the decisive superiority they have always wanted? And, second, since we will obviously continue to try, should we do so from a position of inferiority? invest in more atomic weapons and put another trillion into defense to maintain equivalence and a valid bargaining position? or negotiate from the SDI posture? At this point in the discussion many objective critics tend to say: "Tell me a little more about your SDI idea!"

Other Reasons for the Plan

Perpetuating deterrence, while the primary reason for proceeding with SDI, is not the only major reason, I suggest that there are several other reasons that more than justify the President's proposed new approach to ensuring the security of the Free World:

First, is the need to adopt a response to any Soviet instigated arms race that is not dependent upon maintaining rough quantitative equivalence in similar categories of weapons systems. The benefits here are the cost for reasonable security.

Second, is the growing need to provide valid defenses in the event deterrence should ever fail and to deal with any accidental missile launches, or third party or terrorist type events involving missiles;

Third, is the need to improve Europe's defenses, the so-called Rogers plan, by adding a credible deterrence and counter to the likelihood of a surgical first strike by SS 20's and other Soviet theater missiles;

Fourth is the need to move away from the nuclear dependent, balance of terror, use or lose, overkill, characteristics inherent in the MAD strategy;

Fifth, is the need to take steps that will help insure that no nation or group of nations can ever get into a position from which they could deny Free World access to space for either military or commercial purposes, and;

Six, is the need to be ready to respond to any Soviet break-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

out from the constraints of the ABM treaty, and their deployment of effective defenses against our retaliatory forces;

There are also a few secondary reasons for the new strategy which I prefer to call the 'fringe benefits.' These would derive from its adoption. Principal among them are:

- Responding to the growing public concern over reliance on a deterrent strategy (MAD) that is inherently immoral.

-Trying a new approach to arms control in light of the failure to succeed under the past, delicate balance of offense only, MAD posture.

-Returning the military to its classic role of defending the country in the event of aggression rather than that of merely being able to avenge aggression, as is the case now under MAD.

On Defense Costs

The cost of maintaining an adequate deterrent posture is a key political and economic factor in any decision of how to go about doing this.

The defense budget reflects the nature, quantity, and quality of the forces and weapons being acquired or maintained at any given time. This in turn is a function of the scope and nature of the treat.

If rough military equivalence with the Soviets is to be maintained in an arms race involving like-types of forces and weapons, (eg: ICBM's, SLBM's, submarines, bombers, tanks, divisions, etc) we will have to pay for quantitative parity degraded only to the extent that we might credit our systems with superior performance or a geographical advantage. A Free World performance advantage in existing types of weapons is a wasting asset. One hundred U.S. MX missiles or B 1 bombers cannot be deemed equal or superior to, say 500 Soviet SS 18's or 800 Backfire bombers.

In simple terms the above means that as Soviet weapon performance (quality) approaches that of similar U.S. systems the perception of relative military capabilities will increasingly depend upon quantitative factors. Given this trend the maintenance of rough military equivalence in an arms race limited to like types of weapons and forces would eventually require that we invest as much of our GNP in defense and become as militarily oriented, as the USSR. This would in turn run contrary to the inherent proclivities of democracy in Free World coun-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tries.

Conversely, by changing the contest for equivalence or superiority so as to make it dependent primarily upon new and different types of forces and weapons, wherein we have a technological advantage, and by re-orienting it towards defenses where effectiveness is the main criteria rather than quantity, we will, in effect, take the numbers factor out of the arms race, at least until the Soviets can achieve qualitative equivalence in the new capabilities.

SDI/HF accomplishes this. It will make the growing Soviet advantage in numbers of classic atomic delivery systems academic and obsolete before they have an opportunity to risk exploiting their numerical advantage in existing weaponry for either war or blackmail. By doing this we can reestablish military equivalence and a strategic balance without paying the price of matching their build-up. This is the least expensive way to do this and the way that will leave the most money available to NATO or other non-strategic defense activities.

Given the obvious fact that the free world does not have the will or the means of matching the Soviet build-up in both strategic and non-strategic forces and weapons, the elimination of the quantitative factor from the arms race for the next twenty or more years is by itself a good reason for adopting the new SDI strategy.

I like to illustrate this to public groups or students by merely saying that if their favorite school is not willing to match its opponent in football by paying as much for qualified players and facilities, but has the option of changing the sporting contest to golf or tennis, it would make the opponent's investment in football players useless and eliminate his advantage until he could acquire and train as good or better golf or tennis players. That is what SDI is all about.

NATO did this in the 1950's. When it was clear at the Lisbon conference that the NATO nations could not hope to field a credible conventional force posture, in terms of deterring or defeating the conventional Warsaw Pact order of battle, General Eisenhower brought about a change in the NATO strategy from that of Conventional Response to that of Tactical Nuclear Response from the onset (NATO Political Directive of 1956). This exploitation of the then dominant Free World technology eliminated the need to match the Soviet threat quantitatively

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and bought some 10 or more years of deterrence while the Soviets devised a nuclear capability to match the new NATO strategy.

On Accidental or Terrorist Launches

The SDI plan solves a serious shortcoming in the ability of the Free World to protect its people and assets from major losses due to the inadvertent launching of atomic missiles or the intentional launching of one or more by a nation other than the Soviet Union.

Today, nuclear powers have no way of destroying a missile that might be launched by accident, error, or for terrorist type motives. Were a President notified that surveillance indicated such missiles were en route, he would be faced with the choice of assuming that the launch was unintentional, and accept thousands of casualties and/or the loss of retaliatory forces, or of responding in kind and thereby starting World War III.

This is an unacceptable choice. Nuclear powers should and can now have the ability to easily destroy one or a few random missiles without having to retaliate, or risk major losses, while waiting to determine why they were launched and by whom.

SDI will solve this problem. Given the numbers of offensive weapons now deployed, and the steady increase in proliferation of missile systems and atomic warheads, the growing statistical prospects of accidents or third party attacks warrant the building of defenses able to cope with this possibility.

On SDI and NATO Defense Plans

Critics of NATO's current defense plans point primarily to the fact they they provide no credible defense in the event of an initial salvo of Soviet tactical missiles against the key bases and forces needed to make the plans valid.

Given the increased accuracy, and hence lower yield requirements of Soviet missiles, coupled with Soviet doctrine that calls for a first strike in support of any major offensive, these critics believe that any plan that does not provide for protection against this type of attack is of dubious value. They argue that a surgical strike by no more than 200 missiles would disarm NATO without creating any substantial numbers of non-military casualties, and might even be done with non-nuclear warheads.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

To meet this threat, NATO needs a European Defense Initiative (EDI) which, along with SDI, will produce potential tactical missile defense schemes that appear to be as easy, if not easier, to deploy than anti-ICBM systems. This would add a vertical vector to the Rogers Plan which would both deter any Soviet notions of a quick victory limited to Europe and protect vital NATO retaliatory and other forces in the event of an all-out attack.

The filling of this gap in NATO defenses is in itself a valid reason for European cooperation in developing and exploiting SDI technologies. The Gallois Plan, which was presented at the Rotterdam Conference of High Frontier Europa, is an excellent example of the contribution that SDI and EDI can and will make to the security of Europe.

On Reducing Dependence on Nuclear Weapons

Many people would like to eliminate or at least reduce the role that nuclear firepower now plays in war plans. President Reagan's 1983 speech called for "making nuclear weapons impotent and obsolete."

Today the ballistic missile, fitted with an atomic warhead is the dominant weapon system in the arsenals of the major powers. The ICBM is at the "cutting edge" of the strategic nuclear balance.

Unfortunately the characteristics of ballistic missiles, such as their lack of mobility and potential vulnerability, make their survivability unduly dependent on their being launched prior to any attack. The accepted cliche is "use 'em or lose 'em!"

When one adds to their decisive role the fact that they are not recallable once launched; that the non-selective features of their nuclear warheads promise massive incidental destruction in any target area; and that the present MAD strategy calls for massive retaliation; it is not surprising that the dominant role now played by these systems has created a Balance of Terror.

Given the lack of active defenses against a first strike by either side, the retaliation called for to make MAD a valid deterrent has generated a massive overkill capability in deployed offensive forces. Since retaliation means shoot back

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

after being hit first, and these weapon systems are highly vulnerable, large numbers must be built and deployed to allow for major losses and still be able to meet minimum retaliatory requirements.

Obviously if the major powers can protect the minimum offensive forces they need to retaliate by fielding strategic defenses they would not need additional forces to lose and still have enough left for retaliation. They would also not have to contemplate launching on warning to ensure survivability as is now the case. It is, therefore, logical to assume that if and when effective and reliable missile defenses are in place:

> The defensive systems would become the new "cutting edge" weapons since they would have to be dealt with before any first strike could hope to be successful;
>
> Excessive offensive inventories, now maintained so as to ensure residual retaliatory capabilities, could be cut back;
>
> The missiles made surplus could be traded for arms agreements;
>
> The resulting reduction in offensive inventories and in the possibility of an effective first strike would all but eliminate the balance of terror; and
>
> The shift of the dominant role from missiles to primarily space-based defensive systems would greatly increase stability by substituting a Phase I battle of attrition for space control for today's MAD, knee jerk, Phase I strategic exchange.

When President Reagan said in his March 1983 speech that he hoped that his proposed new SDI strategy would eventually made nuclear weapons obsolete, he no doubt foresaw the possibilities outlined above.

If the ballistic missile becomes less important in future security planning, and improved missile accuracy permits increased use of conventional warheads where it does remain useful, the desirability and willingness to outlaw nuclear firepower, as has been done with chemical weapons, will become more acceptable. The first step is to make these weapons less useful, and that is what SDI will accomplish in the long run.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

On Control of Access to Space

While SDI is specifically aimed at perpetuating deterrence and maintaining military equivalence at a price the U.S. and the Free World can afford, the technologies involved will also contribute to a new and vital security requirement – that is the growing need to ensure that no nation or group of nations, hostile to the Free World, will ever get into a position from which they can deny the Free World access to and from space for either military or civil purposes.

Space is rapidly becoming the new high ground. Its control in future wars will be decisive. The Soviets recognize this and have set as their goal the ability to deny the Free World access to space in the event of war. A recent study of Soviet space doctrine by the US Defense Intelligence Agency (DDB-1400-16-84) defined their goal as follows:

"The Soviet Military Forces shall be provided with all resources necessary to attain and maintain military superiority in outer space sufficient both to deny the use of outer space to other states and to assure maximum space-based military support for Soviet offensive and defensive combat operations on land, at sea, in air, and in outer space."

I frequently ask audiences what they think a future President would do if the Soviets were to merely shut down all our worldwide communications that depend upon satellite systems. No more overseas telephoning for personal, official, banking, oil, or other commerce purposes!

If they were to threaten to destroy, or make ineffective, our satellites devoted to both civil and military pursuits, and we had no space-based capabilities to deter or defeat such a threat, what would we do? Fire our ICBM's and start a nuclear war or surrender to the resulting Soviet blackmail?

Obviously, the above situation would be intolerable, yet it is not technically impossible. If we allow the Soviets to plod along developing space-based laser and other weapon systems they could achieve the ability not only to deny us access to space but to blind those satellites we now have in space.

The "trunk" technologies for civil and military operations in space are essentially the same. Whether these are proclaimed to be for military or civil purposes, and whether pursued under different names like SDI, EDI, or Eureka, the end result is the acquisition of the ability to carry out tasks in space.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The U.S. SDI program is a major investment in acquiring all types of space operating capabilities. Once we have them, they will permit us to deploy not only strategic defensive capabilities but also to develop and support all sorts of other types of space activities ranging from systems to protect our civil and military satellites and space platforms, to vehicles for inter-orbit transfers, lunar visits, astroid mining, solar power satellite construction, improved worldwide communications, navigation surveillance, etc.

What this means is that if we do not pursue the technologies necessary to implement SDI, we will have to pursue them for other purposes. Although the urgency, hence timing, might differ, the costs will be essentially the same. One conclusion from this is that arguments that SDI research will be at the expense of funds for, say conventional forces, are at best very near term concerns.

The building block research to support progress in space will be done under one heading or another. At the moment SDI is the principal motivating program for this. In some respects this is fortunate from an inter-allied point of view. If the trunk technologies now funded under SDI were instead funded solely for commercial ventures in space, the U.S. would probably not have invited its allies to participate in these technologies.

Since defense against Soviet aggression has been, and remains, a collective and cooperative NATO effort, the pursuit of space-based systems for the common defense obviously establishes a requirement for Allied collaboration. This in turn will help ensure that a new, divisive, technological gap does not occur, as might be the case if the trunk technologies were pursued by the US initially and/or solely for commercial or civil reasons. Obviously this conclusion is subject to the acceptance of Secretary Weinberger's offer of Allied participation in the U.S. SDI research and development programs.

On Some Fringe Benefits from SDI and EDI

Earlier in this article I mentioned three spin off or fringe benefits that we hope to derive from the proposed change in strategy and the space and defense systems research programs that it will require. These were:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

– Meeting public concern over the immoral nature of MAD
– Providing a fresh, new, approach to arms control, and
– Returning to the military its classic defense role.

While none of the above would, in itself, probably justify the new strategy these are all important political, economic, and psychological benefits that the adoption of the President's strategic proposal will bring about.

On Public Concern

Neither the U.S. public nor the U.S. Congress ever debated and voted on the adoption of the existing strategy of Mutual Assured Destruction (MAD).

Many people consider it to be immoral to threaten to attack non-combatants in revenge for aggression rather than to merely seek to defend the country against aggression. Obviously the prime targets in a MAD strategy must be non-military since the retaliatory nature of MAD makes damage limiting, or war winning, by targeting Soviet missiles that have already been fired, patently impossible.

Until the HF/SDI debate began in the early 1980's most Americans did not even know of, or understand, the nature of the MAD strategy that had been imposed on them by academic theoreticians and anti-nuclear zealots in the early 1960's.

In polls and at presentations we have found that some 65% of our people think that their Government is doing all that it can to defend them considering cost and technology. When told this is not the case many react adversely. "Who are the stupid people that ever dreamed up the idea of not providing to the extent possible for the defense of my family and property in the event deterrence should fail," has been a common reaction.

The majority of responsible polls taken in the U.S. have indicated that the public expects its government to defend them. 75% to 80% of those questioned have supported the concept of building strategic defenses.

People who accepted MAD at a time when they considered the U.S. to be decisively superior to the Soviets now say: "The President tells us that the strategic balance is shifting in favor of the Soviets. If this is true is it not more likely that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

they may use their forces in pursuit of their policies? And, if so what are you doing to protect me, my family, and my property?" Even rabid MAD proponents have not come up with an acceptable answer to that question.

On Arms Control

We believe the proposed new strategy offers better prospects of arriving at valid arms reduction agreements than has been possible under the MAD, delicate balance of offensive, forces. SDI has the support of our arms control leadership in Washington and at Geneva with the exception of those former officials whose historical record is tied up with inventing or selling MAD and the related ABM Treaty.

The U.S. has pursued valid and verifiable arms control and reduction agreements with the Soviets for over twenty years under MAD. Few would claim we have much to show for the effort. Mere logic suggests that if one course of action consistently fails one should try another approach. SDI offers such a new, fresh approach.

Some arms control experts have suggested that given defenses on both sides the difficult questions of cheating and verification become far less important. Who cares how many missiles a potential enemy has if they can't be effectively used? The fact that Soviet defenses against our missiles are acceptable to us, and that, unlike a freeze, we can independently implement defenses without mutual agreements, are obvious advantages. This should increase stability and motivate both sides to arrive at agreements that will ensure that the transition will not give one side even a temporary advantage in the balance of power.

On Soviet Reactions

We anticipated Soviet opposition to the President's proposal for the self-evident reason that it frustrates their potential to achieve perceived strategic nuclear superiority and possible control of access to space – both goals they no doubt had in sight so long as we pursued MAD while being unwilling to match their offensive weapons build up.

Some of us suspect, however, that our rediscovery of defenses as an important element in sound security planning

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

must cause an amusing rift in a country whose entire military doctrine subscribes to this while their political interests attack it! Once they make up their minds that ranting, raving, and disinformation will not stop SDI research it would be in their best interest to avail themselves of President Reagan's commitment, in his 1983 speech, not to seek even temporary U.S. superiority in the transition, and even to help the Soviets achieve equivalent defensive security if necessary.

I grant it would be most amusing to see how the Pentagon would react to a Soviet, "Hat in Hand," approach for the promised help! Fortunately, the shoe appears to be on the other foot here. The evidence suggests that they are sufficiently advanced in their own defenses that they may well break out of the ABM treaty and make a grab for the very temporary superiority that an effective unilateral strategic defense would give them were they the first to achieve it.

Only time will tell which way the Soviets will move. Meanwhile the latch key is in the door. We have no objections to their defending themselves against our missiles, which in itself belies their claim that we seek a first strike capability.

On Returning the Military to its Classic Role

Although the military were forced into tacit acquiescense of the deterrent-only, revenge-oriented strategy of MAD dictated by political authorities in the 1960's, this has never extended to joyful collaboration. Any student of warfare knows that the classic, historical, and proper role of the military in any nation is to be ready and able to defend the country and the people against foreign aggression.

Deterrence of aggression is a by-product of the ability to prevent the success of any attempt at aggression, not an end in itself. The Soviets have never bought the concept of MAD and have, on occasion referred to it as "bourgeois naivete." With this, I suspect most professional soldiers would agree!

One welcome benefit from the adoption of President Reagan's new strategy will be to return a responsible role to our military and one they can be proud of: that is deterring war by making aggression *futile* rather than by merely trying to instill terror of the consequences of initiating it.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

On Time and the Magnitude of the Changes

Now let us turn to some of the key impacts and consequences of political interest that the pursuit of SDI is likely to bring about.

First, there are two fundamental facts that anyone evaluating or commenting on the program should keep in mind:

(1) The time factors, and

(2) The magnitude of the changes it portends.

The Reagan Plan will bring about a major change in Free World security strategy and defense policy. It is not merely a proposal to build a new or more advanced weapon system as some seem to believe.

We have only changed strategy twice since WW II. Once when we went from classic counter force bombing to Massive Retaliation based on U.S. nuclear superiority, and the second time when we adopted MAD. The same is true for NATO strategy. It went from classic Conventional Response in the early 1950's to Tactical Nuclear Response in 1956 and then to Conventional Flexible Response in 1966.

Some academicians have referred to the President's proposal as one that will bring about a paradigm shift. I have never been able to find out just what that means. I gather, however, that it describes a type of fundamental change that can only be fairly evaluated in light of the new environment brought about by its adoption. In other words it cannot be examined as one new and different "tree" in an existing forest, but only in terms of its role in the new forest that will come about as a result of planting it.

A simple example of this relates to cost considerations. Viewed as one new tree it is frequently charged with adding billions to the cost of U.S. defenses. Obviously this presumes that all other requirements (trees) remain valid or constant.

A valid cost analysis of the plan can only be made as part of recosting the entire defense posture that will emerge as a result of substituting a balanced offense/defense for today's offense-only system. The direct add-on costs of the plan would then be reduced by the potential cut backs in offensive forces made possible by SDI's ability to guarantee the survival of minimum retaliatory needs plus changes and cuts in other requirements now pursued such as passive missile defenses,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

surface ship defenses, and changed space activities, both plus and minus.

While detailed calculations remain to be made there are some who are convinced that the net total costs of the Free World's security (forest) under the new strategy of Assured Survival will be less overall than today's costs for the MAD forest. This is certainly true if the alternative to SDI is a MAD arms race in ever more survivable offensive nuclear weaponry.

As to timing, it has been hard for many to avoid evaluating the SDI proposal as having an instant or near term impact even though it will take a decade to implement. This tendency leads to wrong conclusions. Many critics say that if we don't stop research on SDI the Soviets might preempt now to stop it. SDI will not be a threat to Soviet missiles until it can be deployed and this will certainly be in the 1990s. Today, and for the next few years, MAD remains in force and reasonably effective as a deterrent so long as most of our submarine forces are invulnerable to a first strike.

The logical conclusion from consideration of the time factors is that preemption in today's environment is too risky for the Soviets, but given ten years and a first strike capability against our submarines they might be in a position to do this. On the other hand we have to start research today to have in being defenses that can prevent this.

If we wait until SDI is needed, either to protect us against a Soviet breakout from the ABM treaty or a successful first strike, it will be too late to build and deploy it. Transition timing is therefore critical and conclusions that presume reactions possible in ten years but irrational today are invalid. This is why the time factors involved in a change in strategy are important in evaluating it.

On the Likely Impact of SDI in Key Areas

(a) Limited Conventional Aggression

The deterrent to limited conventional aggression in Europe on the part of numerically superior Warsaw Pact Forces, deployed in Eastern Europe, stems primarily from the risk that such an attack would result in escalation, first to NATO's resort to tactical nuclear weapons, and subsequently to a strategic nuclear exchange with the U.S.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

This risk stems from a combination of the deployment of U.S. tactical nuclear firepower in NATO Europe and the U.S. commitment to use any and all forces, if necessary, to defend its European Allies.

This deterrent is clearly *not* at present dependent, to any great extent, on Soviet assessments that such an act of aggression would be futile by virtue of NATO's ability to defeat it with its conventional, or even tactical nuclear forces now deployed in Europe.

Some have argued that should the U.S. develop and deploy strategic defense forces, as envisioned in the Reagan Plan, the deterrent to limited Soviet aggression in Europe would be weakened. Their rationale is that if the U.S. builds defenses the Soviets will also build them. They see this as resulting in a form of strategic stalemate that would reduce the prospects, hence risk of escalation by either side to strategic nuclear operations, thereby making limited aggression at the conventional, or even tactical nuclear, level less risky to the USSR proper – hence more attractive.

If deterrence is dependent upon the risks associated with possible escalation, the principle would appear to be equally applicable to both sides. If so the risk to the survival of a U.S., with no protection against Soviet ICBM's, should it escalate to strategic operations on behalf of Europe, would seem to exceed the risk of the Soviet Union inviting such escalation by an act of limited aggression.

Should the U.S. have effective defenses that would afford protection to its assets and peoples, it would follow that the U.S. would be more likely to live up to its NATO commitment than if the net result of doing so was tantamount to committing suicide.

If the Soviets consider escalation possible, let alone likely, they will not surrender the nuclear initiative to the West at any level. This suggests that they would preempt the nuclear initiative regardless of defenses if they decide on a major act of aggression.

The most rational current scenario associated with a Soviet attack limited to Europe is one in which their offensive would be preceeded by a surgical, ballistic missile (SS 20 etc.), strike on key NATO targets. This would eliminate the NATO ability to receive U.S. reinforcements as well as any effective NATO

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

counter-strike, conventional or nuclear.

Given NATO's resulting inability to defend Europe, and the risks of a strategic exchange in which the Soviets enjoyed superior forces, good civil defenses, and some ABM capabilities, versus none of these in the U.S., the likelihood of subsequent U.S.-initiated escalation would be small at best.

SDI technologies can provide defenses not only against ICMB's but also against tactical ballistic missiles. They will provide a deterrent to, or protection from, any Soviet surgical strike against key European targets. This will ensure that there are surviving NATO conventional and tactical nuclear forces able to respond to any limited act of aggression. It would make the Rogers Plan more credible than it currently is, in the absence of protection against tactical missiles.

In practice SDI should improve deterrence of limited aggression against Europe at any level, by making it impossible for the Soviets to count upon a surgical missile strike to quickly defeat NATO forces and preclude U.S. reinforcements, or even U.S. tactical nuclear retaliation.

The real consideration, therefore, is not the impact of mutual defenses (SDI) on strategic nuclear involvement in the event of limited aggression but the ability of SDI to add deterrence – based on the inability to achieve quick local success as distinct from deterrence based exclusively on fear of escalation.

(b) On SDI and the U.S. Commitment to NATO

Some argue that SDI will reduce the validity of the U.S. commitment to Europe's defense. The contrary is logically true.

As in the case of the limited aggression concern, this idea is based upon the assumption that SDI will lead to effective missile defenses on both sides and the result will be some form of strategic stalemate which in turn would make U.S. use of its strategic forces on behalf of Europe's defenses unlikely if not useless.

The principal weakness in this argument is that it ignores the alternatives. If one thinks that either a strategic balance or the inability to penetrate Soviet strategic defenses would cause the U.S. to be more likely to renege on its commitments to the defense of Europe, what would decisive Soviet strategic nuclear superiority be likely to do?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

As the strategic balance has shifted in favor of the Soviets, people logically conclude that the U.S. commitment to use any and all forces on behalf of Europe has been eroding. The only thing that would return the commitment to its original credibility would be for the U.S. to somehow recover decisive superiority. This is clearly neither possible nor even sought at this time.

The "bottom line" here is that the U.S. commitment is more credible given strategic balance than with Soviet superiority. It would also be more credible if the U.S. had effective defenses so that, whatever the balance, the use of "any and all" U.S. forces would not be tantamount to suicide. One purpose of SDI is to build such defenses.

SDI will ensure sustained rough strategic equivalence between the U.S. and the USSR regardless of the numerical imbalance in offensive forces brought about by the sustained Soviet build up in their search for perceived superiority. This is no doubt one reason why the Soviets, who are basically defense oriented and anti-MAD, view with such annoyance the U.S. abandonment of MAD in favor of SDI!

(c) The SDI Impact on French and British Strategic Forces

Concerns have been expressed to the effect that if the U.S. and Soviets both build effective defenses against ballistic missiles, and the U.S. abandons MAD, the relatively small MAD-oriented, European strategic forces will no longer be useful as deterrents hence funded. I refer to this as the European MX syndrome!

When High Frontier proposed strategic defenses American missileers panicked. "If the High Frontier idea ever catches on there will be no more funds for ICBM's and especially MX." This produced a "déja vu" feeling going back to cavalry commanders, battleship admirals, and big bomber generals!

In the real world, SDI may well save the missiles (and surface ships as well) by making them both survivable and useful in other than a deterrent-only role. For the U.S., SDI may well wind up providing, as a fringe benefit, the survivability that has so far been so elusive in respect of the MX missiles, and without which the program would not survive.

Given the steadily improving accuracies of Soviet missiles coupled with improved real time Soviet satellite surveillance, any exposed or non-mobile deterrent or retaliatory forces are

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

increasingly vulnerable to a first strike . . . especially those on land or on the surface of the oceans. Cruise missile bases and even mobile Pershing units are at risk. I suggest that instead of threatening the political or fiscal survivability of the French missiles on the Plateau D'Albion, new point defenses that will evolve from SDI can add ten or more years to their useful life.

The new strategy of Assured Survival does not propose to substitute defensive for offensive systems at any level. What it seeks is an optimum mix of offense and defense as necessary to perpetuate deterrence by making a Soviet first strike missile attack futile.

As I previously pointed out, it is the additional "futility of aggression" factor that reinforces a deterrence which previously and precariously relied only on "fear of the consequences" of modern warfare.

Earlier on I also mentioned that the impact of the proposed new strategy would be extensive and would have a cascading effect on the entire security environment. Changes to any requirements or forces that might, or should, be made as a result of SDI can only be seriously considered in light of their possible roles in the new environment that will inevitably be created by implementing SDI.

As an example of how this might result in vastly different conclusions with respect to the worth and role of forces, we might apply it to the case of the European Strategic nuclear forces. This is only an example, but it *is* a possibility.

While a first reaction has been that strategic defenses on both sides will make today's small deterrent European forces useless — these having been created under MAD — a more mature analysis that examines the new strategic balance in the SDI era could well lead to the somewhat surprising conclusion that the currently planned build up in U.K. and French nuclear forces, when coupled with the logical, if not likely, reduction in major power offensive forces made possible by the Reagan plan, and resulting arms agreements, might instead result in a valid, independent, war-waging and deterrent European strategic capability roughly equivalent to that of the U.S. and Soviets. Instead of being negative in national security, SDI would then become a positive for independent security in the long term!

I do not believe that SDI poses a threat to national nuclear forces if the responsible authorities take time to really under-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stand the purpose, nature and probable long term potential and implications of the plan. Granted, there is a short term funding threat resulting from knee jerk conclusions. We have heard it here in the U.S. in respect of the MX. Coping with it is a problem of education.

To those who have studied the Reagan plan, it seems more likely that SDI will add to the defensible life of national nuclear forces by greatly decreasing their vulnerability, hence potential value, and possibly giving them viable war waging roles as well as mere deterrent capabilities.

Finally, those who would like to defend funding for vulnerable targets that cannot be protected from advanced ballistic missiles by passive measures should welcome SDI. This applies specially to high cost systems such as surface ships, cruise missile sites and bases, major ports and airfields, etc.

(d) The Impact of SDI on Technology

Much has been said in Europe about the impact that SDI is likely to have on advanced technology. Some have suggested that this program will result in a "great leap forward" in U.S. technology which in turn will generate a technological gap between the U.S. and its major allies unless these can share in the research effort to be funded by the program.

The conclusion that there will be great progress in technologies in the 1980's and 1990's is probably correct. Whether it can be directly attributable to the Star Wars effort is more doubtful. If one divided technology into two components: (1) that associated with product improvements, that is, normal research and development, and (2) that related to new "cutting-edge" advances such as trips to the moon or the invention of materials or particle beams never before developed, then the anticipated progress will be mostly in the latter category along with any gaps that might occur as a result.

In the early 1960's there was a conscious political effort to slow down if not terminate research in the "cutting edge" area. Technology was thought to be moving too fast for political control, provocative of excessive obsolescence, and would make it impossible for the Soviets to catch up with the U.S. sufficiently to permit arms control agreement, which was a primary goal of the then McNamara/Kennedy administration. Over a dozen major programs were cancelled within the space of a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

few years in the "cutting-edge" research areas, any two or three of which had they been pursued and succeeded would have most likely kept the Free World so far ahead of the USSR that there would have been no threat to the strategic balance and no need for SDI today.

Today this anti-technology attitude has all but disappeared with the new military threats and challenges and also a new generation of politicians and managers. "Cutting-edge" programs are on the move again. SDI is but one visible element in this but I doubt if it is the "engine on the train," The advance will take place. A gap will occur between the U.S. and its allies if the latter do not participate in this effort, regardless of SDI.

SDI, due to its defense orientation, can be the principal vehicle for Free World cooperation and participation in the anticipated technological progress. Had this advance been limited to non-military areas of space or other research there would have been little motive for sharing and hence a greater likelihood of the very gap that some critics of SDI tend to fear as a result of this program.

President Reagan's strategic initiative may well turn out to be the means of preventing a major technological gap from developing between the U.S. and its allies rather than of bringing such a gap about.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE JOURNAL OF SOCIAL, POLITICAL AND ECONOMIC STUDIES

The Journal of Social, Political and Economic Studies is a quarterly publication dealing with topical issues in areas of social, political, economic, and international concern.

SAMPLE ARTICLES

- America's Post-War Immigration Policy by Richard F. Batterson
- Organized Crime and Organized Labor by Randolph Boehm
- Youth in Marxist East Germany by Stephen Bowers
- Regulatory Agencies by Congressman Philip Crane
- American Foreign Policy by Senator Jake Garn
- Security and the Export of U.S. Technology by Congressman R. Dornan
- Pacifism and the U.S. Churches by G. Russell Evans
- A New Policy for Latin America by Senator Jesse Helms
- Genetic Science and the Future of Mankind by J.W. Jamieson
- Arms Control Amnesia by Fred Ikle
- The Socialist Takeover of Angola by Edward Jamosky
- International Waterways and Soviet Strategy by Congressman Jack Kemp
- Global Monetary Policy by Arthur B. Laffer
- Inflation in Israel by Donald L. Losman
- The Revision of NATO by Senator Sam Nunn
- Space Law, Space War and Space Exploitation by George S. Robinson
- The New International Economic Order by David Osterfeld
- The Rise of Trade Union Power by Arthur Shenfield
- Racial Integration in U.S. Schools by Walter G. Thompson
- The Effects of Affirmative Action by George C. Roche III

SUBSCRIPTION RATES

Libraries & Institutions	Private Individuals
$40.00 per annum	$20.00 per annum

Published by
The Council for Social and Economic Studies
Suite C-2, 1133 13th St., N.W.
Washington, D.C. 20005
Tel. (202) 789-0231 ISSN 0193-5941

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE ECONOMIC MODERNIZATION OF MAINLAND CHINA: PROBLEMS AND PROSPECTS

By Donald J. Senese

China has actively courted other nations to attract foreign trade and foreign investments as part of its 'Four Modernizations' program. Despite discussions in texts and speeches about the operation of the market system in China, including activities promoting some decentralized foreign trade decision-making, foreign trade in China is still very much a state monopoly. Projects which receive the highest priority are those most likely to advance China's modernization, to yield technology transfer benefits, and to provide rapid returns on investments.

China has developed its exports as a main source of foreign exchange, while seeking to stimulate management efficiency and product competitiveness. Imports focus on technological and capital resources which can be directed to priority sectors such as energy, transportation and communications. Beijing has also demonstrated a strong inclination to use trade and foreign contacts as a means of rapidly modernizing its technological base. However, future directions in the foreign trade policy of the PRC will depend very much on the initial successes of the 'Four Modernizations'.

China's Push for Trade

One of the major statements on China's objectives in foreign trade was made in West Germany when Chinese Premier Zhao Ziyang addressed the Congress of Industry and Commerce.

The Chinese Premier stressed that China's opening to the outside world was not only a fundamental state policy but represented an important part of its economic reforms as well. China would be guided in its relation with other countries by the Five Principles of Coexistence, he stressed, and not by the nature of social systems and ideologies. Thus the 'open policy' applies to relations with all countries without discrimination against any. This effort to expand foreign trade and to give preference to policies that would attract foreign capital,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

technology and equipment was designed to create a favorable climate for investment and to provide reasonable profits for 'our foreign partners'.

Premier Zhao called attention to the opening of the four special economic zones in Guangdong and Fujian Provinces in 1980, and on Hainan Island as well as in fourteen coastal cities in the previous year, noting that the population of the areas opened to the outside world exceeded 100 million people. In extending an invitation to increase trade, he observed that there existed a wide range of areas for economic and technological cooperation between China and Western European countries, and urged long-term cooperation in the introduction of foreign technology and equipment including the utilization of foreign funds, consulting services, and even managerial personnel. Pledging a desire to gradually enlarge the share of Western European countries in China's foreign trade, he nevertheless urged that European countries be more competitive in the prices of their products and more liberal in technology transfer as well as offering more favorable terms of deferred payment.(1)

Since then China has maintained an active outreach program for additional trade. Foreign Economic Relations and Trade Minister Zheng Tuobin visited Brussels in May 1985, on the tenth anniversary of the establishment of diplomatic relations between China and the European Economic Community to discuss international and bilateral trade and economic relations. An agreement between China and the EEC was prepared which covered cooperation in industry, agriculture, science, technology, energy, transport, personnel training, and development assistance. During the ten previous years, the trade between the PRC and the EEC amounted to $1.6 billion (U.S. dollars), while in 1984 it had risen to $5.6 billion (U.S. dollars) about 12 per cent of China's 1984 trade volume.(2) During his aforementioned visit to West Germany, Chinese Premier Zhao Ziyang pledged continued commercial cooperation and contact with West Germany, China's largest trading partner in Western Europe.(3) The PRC and the Netherlands also boosted economic relations after diplomatic relations were established in February 1984, with two way trade totalling $500 million (U.S. dollars), a 13.6 per cent increase over 1983.(4)

China's promotion of the 'open door' policy has remained a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

constant feature of the 'Four Modernizations' during the past five years. China's trade policy during the 1979-1983 period was uneven. A period of rapid growth in 1979 and 1980 was followed by decline because of a shift in China's policies which deemphasized the capital goods sector and resulted in the cancellation of several large development projects. The 1981-1982 period registered a 13 per cent decline, including a 19 per cent decline in imported raw materials in 1981. Chinese imports reversed a two year decline in 1983, increasing by about 19 per cent with raw materials and equipment for heavy industry being the most important components. The more recent increase in machine and equipment imports is likely to continue with China's emphasis on the rapid development of energy, transportation, and communications.

Japan and the Western European nations, the countries most anxious to enter the Chinese market, are also perhaps the most acutely aware of the effect of the rapid changes which can occur in Chinese policies. These areas were particularly hard hit by China's cutback on machinery and equipment imports, during 1981-82, China's imports from developed countries fell by 25 per cent, with the total $2.7 billion drop in Chinese imports divided equally between the OECD countries and Japan. The year 1983 saw a recovery in imports, when China increased its imports of Japanese steel products machinery and equipment, and although Japanese imports to China grew 40 per cent, these exports still fell short of the peak years of 1980 and 1981. Western Europe experienced a 15 per cent decline in Chinese imports in 1981, a 3 per cent decline in 1982, and a 20 per cent increase in 1983. While China's imports from the U.S. continued to fall in 1983 because of Chinese embargoes on imports of U.S. grain and textile fibers, China's imports from Communist countries have remained a stable 10 per cent of the PRC's total imports.(5)

It is noteworthy that China has experienced a declining export growth rate: in 1979 China saw its exports grow at a rate of 34 per cent, expand by 14 per cent in 1981, by 9 per cent in 1982, and by only 2.3 per cent in 1983. The fall in the exports of China was due to a slowing international economy and protectionist measures in Western markets against China's textile exports. Besides textiles, China has concentrated on exporting technologically simple, high labor content, machinery

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and equipment. During 1981-1983, China's greatest export growth occurred in apparels, in which exports registered a 68 per cent gain, and in footwear exports, with a 44 per cent gain. Yet, it appears that the 1983 trade statistics represent a plateau for the export growth of Chinese textile and light industrial exports.

One of the more important exports from the PRC relates to resources such as coal, oil, and petroleum products, items which have represented more than 20 per cent of China's total exports since 1980. Japan has been the recipient of more than half of these energy exports. However, the PRC experienced difficulties in maintaining the rapid growth of its petroleum and coal exports.(6)

The oil story is illustrative of the problems China faces. If it hopes to reach the goal of economic output by the year 2000, as envisioned by the 'Four Modernizations,' the PRC will need a substantial increase in oil production to provide gasoline for trucks, fuel for industrial engines, plastics for consumer products, and oil for exports to bring in the foreign currency needed to buy new technology. How much oil is available offshore (beneath the waters of the South China Sea) and onshore (under China's plains) is an unanswered question. A negative answer could deal a blow to its economic modernization plans, and recent indications have been discouraging for the Chinese. The Beijing government has proposed stiff terms for foreign companies (e.g., oil exploration must be a joint effort, work sites must be staffed with primarily Chinese workers). Failure to find significant oil deposits could slow down the modernization programs and affect the nature of PRC trade; it could also force the PRC to engage in more extensive borrowing from the Western nations to finance its modernization plans.(7)

Beijing's current 'open door' policy places a strong emphasis on attracting foreign investment, with a special focus on export oriented industries and related infrastructure. Buoyed by the sheer size of China's natural and human potential. the Chinese government proceeded to establish a number of national and local organizations expressly designed to attract foreign investment. While between 1979-1983 a total of $6.6 billion was invested in Chinese enterprises by foreign funds, only a small proportion of this was invested in joint equity ventures.(8)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

China has attempted to establish a favourable climate for investment by new rules for joint ventures. These rules cover such activities as joint venture incorporation, foreign exchange controls, custom duties, special economic zones, and offshore oil development. The regulations published September of 1983 sought to alleviate some of the concerns of foreign investors and placed emphasis on the profitability of joint ventures (e.g., sales in the domestic markets, criteria for setting sale prices, tax and duty exemptions). While not solving all the concerns of foreign investors, these regulations represented an attempt to encourage foreign investors to participate with PRC-based organizations in joint ventures.

The largest part of the PRC's available foreign capital goes to small projects in the light industrial goods sector, and makes use of flexible forms of trade minimizing foreign exchange requirements and promising a rapid return on minimal investment(e.g. export processing, co-production) These ventures, the majority of which are small manufacturing or assembly operations, earned $930 million in foreign exchange between 1979 and 1982.(9)

Despite these advances and the PRC's continuing outreach for foreign investment, problems still remain. China's efforts in the banking field have attracted attention, causing one observer to compare Beijing's use of bankers in the 1980s to its use of Ping-Pong players in the 1970s for the purpose of improving its relations with the West. The Bank of China remains China's key agent, and Westerners are convinced that China has significant financial reserves.(10) However, during the early part of 1985, China replaced the presidents of two of its leading financial institutions — the Bank of China and the People's Bank of China — without any word of explanation, an act which raised concern among foreign investors who had come to respect Jin Deqin for the Bank of China's overseas operation and foreign exchange transactions.(11) Rapid and unexplained personnel changes remain only one of the problems. Uncertainty about China's economic and commercial legal system has kept Western firms away from substantial investment commitments, especially in regard to complex joint venture projects.(12)

Other investors show a great concern regarding the imposition in early 1985 of foreign exchange controls and the imposition of additional taxes on foreign firms. China announced a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

15 per cent 'enterprise income tax' on China-based foreign subsidiaries' earnings from services and consulting (retroactive to January 1, 1985) as well as a 5 per cent 'industrial and commercial' tax on Hong Kong, Macao and other foreign enterprises (effective June 1, 1985). The Director of the Chinese Finance Ministry's General Taxation Bureau, Jin Xin, had been quoted as stating that the tax would be paid by all businesses no matter whether payments were made in China or elsewhere. These taxes followed restrictions on foreign exchange as the Chinese government limited the expenditure of hard currency, a clear reversal from the policy established the previous November allowing factories and local governments to spend more foreign currency. The change in this policy seems tied to a drop in foreign exchange reserves and China's growing problem of inflation, which may have risen as high as double digits in the first part of 1985.(13) These sudden taxation impositions reveal the strong control still exercised by Beijing over China's economy and the uncertainty relating to its economic policies, subject as they are to certain rapid changes.

Investor concern also increased at the end of June when Deng Xiaoping told visiting foreign delegations that even after five years the economic reform policies still represented an experiment, and the Chinese leadership have yet to see if this is the correct course or not. Attention focused on a front page editorial which appeared in some of the Chinese newspapers, in which Communist Party official Bo Yibo attacked capitalists for seeing only money and that this worship of money was responsible for corrupting some of the Chinese people.(14) Although it is unlikely that China would dramatically turn back to the pre-1979 policies while Deng remains in power, the obvious concern with the increase in money supply in China, internal inflation, and 'unhealthy tendencies' associated with capitalism (including corruption, bribery, smuggling, and black market currency) gives evidence of some retrenchment, a cause of nervousness among foreign investors and traders.

U.S. Trade with China

United States trade resumed with China in 1972 after a twenty year interruption and began to increase rapidly in the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

period 1978-1979 when diplomatic relations were officially established between the two countries. This two-way trade doubled in 1979 and also doubled in 1980, and although trade grew by a more modest 14 per cent in 1981, it registered a decline of 5.7 per cent in 1982 and 14.5 per cent in 1983. It is likely that trade in the next few years will increase somewhat over the low of 1983.(15)

The United States leads all other nations in the amount of its investment in China. During the period 1979 through 1983, the U.S. was the source of $673 million or 29 per cent of the total $2.34 billion in foreign investment in equity joint ventures and off-shore oil development attracted in this time period. U.S. imports from China have been mostly petroleum and textile products (e.g., an increase from 46 per cent of the imports in 1980 to 64 per cent in 1983). Over one half of the total PRC manufactured exports to the U.S. comprise textiles and clothing. China also exports a substantial amount of manufactured metal goods and machinery to the U.S.A.

The fall in U.S. exports to China in 1981 and 1982 resulted from a bumper grain crop in China, reducing the need for the purchase of U.S. agriculture exports and from economic readjustment which severely cutback orders for foreign machinery and equipment. However, the 1983 decline was also partially attributed to trade issues, including a dispute over the rapid increase of textiles exported to the U.S.(16) While China was viewed as a steady market for U.S. agricultural products (e.g., U.S. surplus grain), China's bumper crops resulted in it becoming an exporter competing with the United States. Indeed, China's exports of feed grains, mostly corn, were expected to reach 3.6 million metric tons in 1984-1985(17), compared to 400,000 metric tons the previous season.(18) While this rate of increase cannot be maintained, the change is significant.

However, despite optimism amongst American businessmen's expectations for dramatic increases of trade with China, many obstacles continue to face the Beijing government and the implementation of the 'Four Modernizations'. Although China has undergone some change in its foreign trade structure, most foreign trade is still conducted by the Foreign Trade Corporations (FTC's), organized on a commodity or product basis, and supervised by the Ministry of Foreign Economic Relations and Trade (MOFERT). In a further change of policy the government

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

has allowed China's industrial ministries to take a more active role in foreign trade by establishing import and export corporations of their own, with the authority to conduct technical and commercial negotiations with foreign firms. The expansion of the decision-making authority of existing Chinese economic units, along with the creation of many new ones, has further complicated the process for making contacts with foreign business persons.(19)

The U.S. government has attempted to detail the complex process involved in dealing with China. One instructive publication notes:

> Despite recent reforms to give the Chinese economy additional flexibility, the system remains highly centralized and is managed at the national provincial and local levels by a very complicated and often slow-moving bureaucracy. China's decision-making process, somewhat like Japan's, places heavy emphasis on achieving a concensus among all of the interested parties. In the course of negotiations, it is often difficult or impossible to determine which Chinese organizations are involved or how important a role they play.(20)

This publication further warns that in addition to having these complexities to convince the Chinese end-user of the effectiveness of the product or service, numerous Chinese planning and coordinating agencies may be involved in the negotiations, major projects and other large scale expenditures must be approved by the State Planning Commission, and large joint ventures involving foreign investment require review by the Ministry of Foreign Economic Relations and Trade (and sometimes by the State Council). Only certain end-users are empowered to negotiate contracts independently with foreign firms, while the great majority of China's foreign trade must be channeled through Chinese foreign trade corporations (FTC's); and financial authorities usually review most proposals (e.g., the end-user may have to apply for permission to purchase hard currency from the Bank of China). It also adds this caution:

> Foreign companies should keep this highly complex and confusing institutional background in mind when negotiations seem to stagnate for no apparent reason. The Chinese may ask to break periodically for discussions among themselves. They also may request a recess of 1 or 2 days. It is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

quite appropriate to emphasize that the firm would prefer to continue to work toward a conclusion of the negotiations. But one should bear in mind that the suggestion may be counterproductive if the Chinese need a day to review the negotiation with their superiors.(21)

During the third annual sessions of the U.S.-China Joint Commission on Commerce and Trade held in Beijing, U.S. Secretary of Commerce Malcolm Baldridge cited the difficulties facing U.S. companies seeking to invest in the PRC. These included the high cost imposed by the Chinese, uncertain customs and tariff practices, the difficulties of repatriating profits, and restrictions imposed on U.S. service industries and problems in obtaining secure supplies and labor.(22)

China, on the other hand, criticized the U.S. for problems it encountered in technology sales and a failure to extend concessional credits to China. Restrictions on U.S. imports of Chinese textiles and crude oil were also cited.(23)

The conclusion of the meeting included an agreement for cooperation aimed at the renovation of Chinese enterprises with the Chinese sending a delegation to the United States to study the American experience in industrial renovation while the U.S. agreed to place industrial consultants in Chinese plants and other industrial facilities to advise on the upgrading of equipment, management and technology in those facilities.(24)

The United States took a significant step toward meeting China's demands for technology when President Reagan in June of 1983 amended the U.S. control procedures by recognizing China as a "friendly, non-allied country." When this decision went into effect in November of 1983, it moved China into Country Group V, where it was placed on a par with other friendly Asian, African, and European countries. China thus was moved into a category in which products in several important categories would be routinely approved for export to China end-users. This included computers, computerized instruments, microcircuits, electronic instruments, recording equipment, and semiconductor production equipment. However, certain restrictions remain on nuclear weapons and delivery systems, electronic warfare, antisubmarine warfare, all of which are subject to national review.(25)

China's efforts to liberalize its foreign economic system have run into some obstacles. A host of different Chinese organiza-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tions have become involved in trade activities, including local government agencies and even military units, and this adds uncertainty and confusion in negotiations with foreign traders. If the PRC would fully adopt the principles of the free market in trade, the market forces would weed out the less efficient participants and a number of different trade organizations possessing specialized knowledge of particular markets and local conditions would flourish and compete. This situation would be much more efficient than Beijing's heavily bureaucratic structure, but the real problem which has emerged reveals the clear distinction between the roles of governmental administrative organs and commercial enterprises, the latter being mostly collectives of state-owned. The continuing problems in the PRC's new trade position arise as a result of the contradictions between decentralized foreign trade and the still centralized management of foreign exchange operations. Since only foreign exchange earning organizations are allowed to retain a portion of their receipts from exports for the purchase of imports, and non-exporting organizations need special authorization to purchase foreign exchange, a number of enterprises (without consideration of the efficiency of the operation) have expanded beyond their normal scope of operations to create enterprises which will allow them to acquire foreign exchange. One shipping company in Chongqing which had no foreign exchange allocation committed itself to building a hotel for foreigners so that it could earn foreign exchange with which to import tugboats and other equipment related to the shipping business. Economists have cited the need for legitimizing the foreign exchange market, but the Chinese Communist officials have generally resisted such efforts, fearing that the resultant loss of centralized control and increased economic freedom could undermine their political control. An overhaul of the foreign exchange system is clearly necessary if China is to benefit properly from additional foreign trade, and such efforts might involve a change in the status, or a break up, of the fourteen national foreign trade corporations which presently play a monopolistic role in the trade of mainland China.(26)

Special Economic Zones

The "special economic zones" (SEZ) established by China offer an illustration of how China seeks to authorize a strictly

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

limited free market operation to attract foreign exchange and Western technology, while in reality maintaining tight control over operations.

As part of the effort to expand trade and encourage investment, the Deng government in 1979 established four special economic zones in southern China (Shenzhen, Shantou, Zhubai, and Xiamen). The Shantou and Xiamen areas were centers for export-processing, while Shenzhen zone, bordering on Hong Kong, and Zhulai, bordering on Macao, focused on light industry, agriculture and tourism. These officially went into operation in 1980 with the approval of detailed regulations by the National People's Congress.(27)

In 1984 special foreign investment policies were extended to fourteen other cities in China (including Dalian and Beihai) and further measures here extended banking facilities and investment incentives to other cities in China's hinterland. While the aim of the special zones is the development of new industrial areas, the emphasis in the fourteen cities and in the coastal regions is on modernizing the existing industries in the area. The objectives of the special economic zones appear clear and direct: a means for China to attract foreign technology and foreign exchange which can bring mainland China both short-term and long-term benefits.(28)

Despite the benefits provided for investors (e.g., tax holidays and low corporate income tax rates), the zones are carefully regulated by the Chinese government. The determination of the investment incentives offered came not from the local authorities but from the National People's Congress which approved the regulations for the SEZ's. Control over the three zones in Guangdong Province is centered in the Guangdong Provincial Administration Committee, which is in charge of these special zones. In Shekou, a port area in Shenzhen, the investment agency is not even a local authority but rather the China Merchants Steam Navigation Company of Hong Kong, which is owned completely by the People's Republic of China. However, the Guangdong's People's Congress Standing Committee of Guangdong Province has issued additional regulations concerning operations in the region.(29)

The Chinese have made it plain that they seek foreign exchange and technology from these special zones and designated cities, and that the SEZ do not represent any attempt to bring

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

luxury goods to the Chinese people or to experiment with a principle which might be incorporated into China's economic policies. One official publication noted that special preference would be given to foreign entrepreneurs who make investments in scientific research institutes, and stressed the strategy of allowing new districts to serve old districts, and foreign funds to supplement home funds. The article, entitled "Several Relationships Concerning Opening Up Coastal Cities to the Outside World," authored by Jiang Ji, observed:

> Regarding imports of advanced technology and key equipment, it is necessary to utilize foreign funds in a planned way and to exchange advanced technology through market activities. Regarding products in short supply at home, part of the home market can be opened to them in order to acquire a balance between demand and supply at home, and to stimulate the upgrading and substitution of products. Concerning those products which have been technically backward at home for a long time, part of the market can be opened up to them in order to stimulate the technical renovation of enterprises at home. Regarding those products which can be produced at home but which are far behind world standards, the entire trade will be opened up. Products of the same category produced with a high technical level are allowed to enter the home market in different grades of quality. (30)

Those individuals who believe that the opening of the special economic zones and designated cities represent a major departure from Communist economic policies, with long-range significance for the development of China, will not find the Chinese leadership under such illusions. Zheng Ge, Deputy Director of the office of Special Economic Zones, emphatically denied that these special economic zones would compromise Chinese socialism or weaken Chinese sovereignty, and he added that the state enterprise system remained the backbone of the Chinese economy, that foreign investment would not change the nature of Chinese socialism. He noted that the regulations governing foreign investment had been designed to protect the sovereignty of China. He also recalled that Deng Xiaoping had made the statement that China could absorb as much as $100 billion worth of foreign investment without affecting the socialist framework of China. (31)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Shenzhen, near Hong Kong, represents the most dramatically developed of the special economic zones, and has benefited from the modern infrastructure and technology available there. Focusing on the foreign exchange issue, Beijing issued a number of regulations listing what it described as illegal foreign exchange transactions, in order to stop Chinese from approaching foreigners to exchange money for Foreign Exchange Certificates (FECs) which could be resold to other Chinese for the purchase of the big four among consumer goods: color televisions, refrigerators, washing machines, and portable stereos. Similar regulations were to be adopted by the provincial authorities controlling the special economic zones of Guangdong and Fujian.(32) The Chinese People's Political Consultative Conference (CPPCC), an advisory group, engaged in a heated debate over whether to introduce a special currency in Shenzhen to stop black market operations in currency trading.(33) Shenzhen has three different currencies: renminbi, the official currency of the PRC; foreign exchange certificates; and the Hong Kong dollar. Efforts to introduce a special currency were blocked by the central bank of China until further study, despite the support of Shenzhen government officials who favored a separate convertible currency.(34)

These special economic zones and cities designated for foreign investment are tightly controlled despite the incentives provided for investment by foreign businessmen. Regulations in these areas face the competing demands of the Chinese government's desire to retain control, while setting up a means of quickly benefitting from foreign exchanges and foreign technology.

Further, it is important to make a clear distinction between the PRC's adoption of free market principles (e.g., the idea of individual enterprises operating on a profit-basis) and the invitation extended to foreign firms to participate in joint ventures. The Chinese have changed a "self-reliance policy for one that allows an "open door" designed to encourage development through greater cooperation with the world economy and a greater dependency on imported technology, but the basic economy of the PRC remains one of state ownership and central planning, with a small but growing sector based on enterprise. This latter is limited to encouraging specific technological modernization and the acquisition of foreign exchange.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The field of foreign trade, however, remains a state monopoly and represents an integral part of national economic planning. Although China has initiated certain heavily restricted new policies to attract foreign technology and a flow of foreign capital (through joint ventures, barter, compensation, trade arrangements, and special economic zones designed to encourage foreign investment), the government of China maintains tight control even there, and businessmen from the United States and the West find themselves dealing with a vast array of bureaucrats who have to review and approve all final arrangements. The American businessman cannot expect to deal directly with Chinese businessmen when negotiating business deals.

In order to help prepare American businessmen for trade with China, the U.S. Department of Commerce has published a pamphlet that seeks to inform American businessmen about Chinese economic needs. For example, at an Investment Promotion Conference in Guangzhou in June, 1982, the first such ever held in China, the purpose was not an open and free discussion between foreign firms, but rather to discuss their possible investment in 130 specific Chinese projects. Even the China Council for the Promotion of International Trade, which the Chinese government describes as a nongovernmental economic and trade organization, represents an integral part of China's foreign trade structure and works closely with China's Ministry of Foreign Economic Relations and Trade (MOFERT) with the Foreign Trade Corporations, and with other economic ministries and entitles controlled by the Chinese government, such as the Bank of China. The American businessman who thinks that China's new economic policies will allow him to deal with individual Chinese businessmen without much governmental interference, as is possible in Hong Kong or the Republic of China on Taiwan, is sadly mistaken. As the U.S. Commerce Department instructions to American businessmen note:

> Marketing products in China is unique in many significant ways. The first major difference is that all Chinese commercial entities are in some way linked to national, regional or local governments. These organizations are responsible for carrying out government economic plans and policies, which do not always reflect strict economic logic or commercial interest. Like other large bureaucra-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cies, Chinese commercial organizations have complex hierarchies and lines of authority that can sometimes criss-cross between several distinct groups. Finding the right group(s) is often time-consuming.(35)

Technology Acquisition

A study of the Four Modernizations, particularly the trade policies of the People's Republic of China and the creation of special economic zones, makes clear that the PRC desires the acquisition of Western (as well as Japanese) technology as quickly as possible to modernize and strengthen its economy both for now and the future. The technology selected is that required for the modernization and expansion of Chinese industry – and also of the PRC's military. As some technologies can have both civilian and military use, what is the significance of the transfer of this technology, not only for the PRC but for its Asian neighbors, and indeed for the Western world – particularly for the United States?

Although the Soviet Union and the People's Republic of China are both Marxist states which, according to their own statements, are committed to world revolution, the Soviet Union is regarded by U.S. policymakers as a hostile country, while China (for the purposes of trade and exchanges) is looked upon as a 'friendly' country.

Anyone familiar with world history realizes that such designations as 'hostile' and 'friendly' can be relative and can change with circumstances. Preceding World War II, the Soviet Union was regarded as pariah country, but after the Nazi attack on the Communist giant, the United States, Britain, France and other Allied powers embraced the USSR as one of their own, despite its totalitarian government and the record of atrocities during and after the Russian Revolution. After the war, the Soviets were permitted to occupy much of central Europe and the entire eastern portion of Europe, but by their actions once again came to be recognized as an adversary of the United States and the Free World, and have remained so despite periods of 'peaceful coexistence,' 'detente,' the nuclear test ban treaty, and SALT agreements. Turning to the Asian continent, during World War II, Japan was a militaristic power eminently hostile to the Free World, while China, under Chiang Kai-shek, remained America's steadfast ally. But following the end of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

World War II, with Japan's defeat and the conquest of China by the Communists in 1949, the situation was reversed, with Japan becoming allied with the United States and the Free World, and China, following the victory of the Communists on the mainland, emerged as a militaristic, totalitarian, and aggressive power, participating in the Korean War, 1950-1953, and providing aid to insurgent movements in places like Vietnam. The PRC still denounces capitalism and all non-socialist forms of government, but has been designated a 'friendly' power under the post-Mao leadership as it seeks technological aid from the United States.

China has experienced a 'love-hate' relationship with a number of the major powers. Mao Zedong came to power in China with the active help and assistance of Stalin and the Soviet Union (aid stretching back to the 1920s). Following Mao's victory, the Soviets worked actively to influence China, helping to introduce an economic system similar to its own with influence on the school system, military organization, literature, etc. But a growing series of differences between the post-Stalin leadership and Mao contributed to the Sino-Soviet split in 1959-1960, when Russian advisors made a hasty departure from China as Mao decided to stand alone in building socialism in China and promoting world revolution. Pro-Soviet and pro-Maoist Communist parties became rivals particularly in Third World areas. After realizing the chaos brought upon the Chinese economy by Mao's policies, a group of Chinese Communist leaders —the most prominent now in power being Deng Xiaoping — decided to turn to the United States and the Western powers for outside aid, just as they had obtained outside aid from the Soviets in the post-1949 period. China has thus abandoned its isolationism as it reaches out to seek U.S. and Western financial aid and technology, but it has not abandoned its ideology.

Visitors to China over the years can quickly perceive the change in the official line — the Russians, who were the great friends of China, are now treated with suspicion. The official line has gone from the extreme of 'everything the Soviets is good' to 'all that is from the Soviets is bad.' The U.S., denounced by the Chinese Communists for decades, began receiving less critical references in the Chinese press as China opened its doors. As in any totalitarian society, 'friendship' can be turned on or off at will.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

One very practical reason can be cited for the great push for technology by China. During the existing five year plan, through 1985, a total of 279 priority projects were to be completed, but the more realistic observers in China realized that the modernization effort would fall short of its goals unless attention was given to upgrading the other 400,000 enterprises in China. During a thirty year period, China had increased the gross value of its industrial output almost exclusively through aggregate, quantitative expansion, while only 20 per cent of China's gross gains resulted from technical progress. This is a very small percentage for a nation interested in modernizing and developing its resources. The 20 per cent figure is a percentage enjoyed by most of the industrial countries at the turn of the century, but in the current period – the 1970s to the present – these same industrial nations owed between 60 per cent to 80 per cent of their growth to technical progress.(36)

Critical to success in the campaign for technological modernization is the import of high technology, and China has embarked on a technology-seeking program. Premier Zhao Ziyang pointed out to his colleagues that China must be willing to face the changes taking place in the world. Observing that the world is entering a fourth major technical and industrial revolution (e.g., the information revolution), the Premier pointed out that if China does not transform its industries, it will fall even further behind the developed world.(37)

The economies of the socialist/communist nations have failed to make major economic progress on their own and have had to rely on substantial imports of aid and technology from Western powers. The Soviet Union is an outstanding example. Having first built its economy with heavy doses of U.S. aid during the World War II era, the United States and other Western powers eventually realized that through their technological and financial assistance they had built a strong and powerful adversary. The fact is that the future of the Deng leadership (with Deng being now eighty years old) is uncertain, and the critics of the massive technological aid given to the Soviet Union are now questioning the wisdom of transfering technology to China. Will the PRC use our financial and technological aid to benefit its people or will it be used to strengthen this totalitarian power so that it will be in a better position to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dominate its smaller Asian neighbors, to promote revolution in the Third World, and maybe ultimately even to challenge the United States and the Western powers both economically and militarily? These possibilities raise serious questions as to the type of technology which should be given to China during the next few years.(38)

A U.S. Defense Department report has raised some serious questions regarding the real impact of technological aid to the Soviets. The report focusses on a basic and fundamental issue: What is is the significance of U.S. expenditures on weapons if the Soviets are able to obtain the technology to speed up their own weapons modernizations process? If the technology from the U.S. aids the Soviets, then the U.S. must spend more on weapon modernization to compete with the Soviets. Examining two thousand items which the Soviet Union and Soviet bloc countries sought to buy from U.S. exporters in 1983 and 1984, experts determined the possible military uses of such items and then calculated 1) what the Soviets would have saved if the desired items had been licensed for shipment and 2) what the United States would have to spend in order to make up for any resulting Soviet technological advances. Citing seventy-nine items of the greatest military application, requested by the Soviets in 1983 and 1984 (few of which obtained licenses), the report noted that by its lowest estimate the Soviets would have saved $6.6 billion in research costs and that their sale would have cost the United States $7.3 billion in increased defense costs, or an additional $3.5 billion for each of the two years under study. Requests came for aid on automated production, for machine tools, for computer technology suitable for linking military communications, and for sensor technology which could be used for spotting submarines. Despite the claims made by the Soviets that these items were for use by the civilian sector, it was clear that the requested items mostly had a significant military application.(39)

The visit to the United States in July 1985 of Chinese President Li Xiannian brought to a head the issue of nuclear technology – the approval by the U.S. of the nuclear pact which allows for the sale of reactors and other technology to enable the PRC to construct a nuclear power plant, representing a maximum potential in sales of $10 billion. The agreement was first initialled fifteen months prior to this, at the time

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of President Reagan's visit to China, but had been delayed because of U.S. Intelligence objections that it lacked adequate safeguards that would prevent China from utilizing U.S, nuclear materials and technology for military purposes, permitting nuclear proliferation by assisting one or more other countries develop nuclear weapons. These warnings were based upon existing U.S. law which prohibits the sale of nuclear reactors to any country which does not accept such restrictions, including prohibition of the reprocessing of plutonium from spent nuclear reactor fuel. However, despite these objections and the existing U.S. law on the subject, the agreement finally approved by the U.S. on the occasion of the Chinese President's visit was virtually identical to that which had been initialled in 1984, the U.S. officials having dropped their objections on the basis of "verbal" assurances that the Chinese would observe these restrictions, even though the Chinese refused to put this in writing. In any case, the nuclear pact contains no machinery for verifying that any conditions or verbal assurances are being adhered to, and there is no U.S. power of veto over the use to which the technology will be put. The mere threat available to the U.S. of withdrawing from the agreement if the Chinese are found to be violating either the verbal or written terms offers little protection, since 1) the lack of verification will make it impossible to detect such divergencies, and 2) the PRC will by then have already acquired the technology and nuclear reactors. Despite assurances to the contrary, the People's Republic of China would potentially be able to make significant advances towards developing nuclear power for military purposes with the aid of this U.S. technology and equipment, thereby presenting an even greater threat to its neighbors in Asia – and even to world peace, if it were to sell nuclear material to hostile Third World countries.(40)

The leadership in Beijing, like the leadership in Moscow, is fully aware of the military uses of technology, even that claimed for civilian uses, and China is also acquiring specific military technology with which to modernize its armed forces. Although the PRC has been designated a 'friendly' country by the U.S. for the purposes of trade, a sharp change in Beijing's attitude toward the West might convert it once again into a bellicose and aggressive power, embarking on foreign adventures

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with military technology acquired from the United States and the Western nations. (41)

FOOTNOTES

1. "Zhou on Open-Door Policy," *Xinhua*, June 10, 1985, Daily Report: China, FBIS, June 11, 1985, p. G2.

2. "Zheng Tuobin Trip for Talks with EEC Announced," *Xinhua*, May 15, 1985, *Daily Report: China*, FBIS,, May 16, 1985, p. G1.

3."PRC, FRG Pledge Friendly Ties," *Xinhua*, June 10, 1985, *Daily Report: China,* FBIS, June 11, 1985, p. G6.

4. "Expanding PRC-Netherland Trade Ties Viewed," *Xinhua, Ibid.,* p. G8.

5. Nai-Ruenn Chen and Jeffrey Lee, *China's Economy and Foreign Trade 1981-1985*, International Trade Administration Office of the People's Republic of China and Hong Kong, U.S. Department of Commerce, U.S. Government Printing Office, 1984, pp. 23-24.

6.*Ibid.*, p. 24.

7. Graeme Browning, "To modernize, China needs to oil the skids," *Chicago Sun-Times,* April 21, 1985, p.3

8. Chen and Lee, *China's Economy and Foreign Trade 1981-1985,* pp. 25-26. The United States leads other countries in investing in these joint ventures and also leads other countries in the average amount invested, about $5 million per project. The Chinese have claimed that between 1979 and 1983, 188 foreign-Chinese joint ventures have been formed representing a capital commitment of about $340 million.

9. *Ibid.*, p.26.

10. Matthew Winkler, "Unlikely Lender: China Is Emerging As a Source of Capital In the World Markets," *The Wall Street Journal,*" February 3, 1984, pp. 1,

11. Daniel Southerland, "Chinese Government Replaces Chiefs of Two Main Financial Institutions: Activist Bank President Was Respected By Foreigners," *The Washington Post*, March 25, 1985, p. A13. Southerland speculates on three theories explaining the disappearance and replacement of Jin Deqin as head of the Bank of China: he was caught and found guilty of one of the "unhealthy tendencies," of giving too many bonuses of goods and money, and fell afoul of the anticorruption campaign; he became the scapegoat for the drop in China's foreign exchange reserves; his activism undercut him with other Chinese bankers and he lost a power struggle with the leaders of other financial institutions in China.

12. Chen and Lee, *China's Economy and Foreign Trade 1981-1985*,p.25.

13. Marcus W. Brauchli, "New Taxes on Foreign Businesses Tied to Peking's Economic Jitters," *The Asian Wall Street Journal Weekly,* May 20, 1985, p.13. One report noted that during April and May, companies in Hong Kong reported that their business had dropped sharply. At least five American companies complained during this period about Chinese delays on repaying debt.

14. Daniel Southerland,"China Questions Pace of Change : Innovations Are Said to Breed Corruption," *The Washington Post,* July 5, 1985, pp. A1, A24; Danelle Morton, "China still unsure of capitalism's role," *The Washington Times,* July 5, 1985, p. 8B.

15. Chen and Lee, *China's Economy and Foreign Trade 1981-1985,* p. 33.

16. *Ibid.,* pp. 34-35.

17. "China grain exports competing with U.S.", *Chicago Tribune,* March 15, 1985, Section 1, p.3.

18. *Ibid.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

19. *Doing Business with China*, International Trade Administration, U.S. Department of Commerce, Washington, S.C.: U.S. Government Printing Office, September, 1983, p.4.

20. *Ibid.*, p. 13.

21. *Ibid.*

22. "Baldridge, Chinese Air Trade Frictions at Peking Meeting," *The Asian Wall Street Journal Weekly*, May 20, 1985, pp. 13,16.

23. *Ibid.*

24. "Sino-U.S. Joint Commission Meeting Closes in Beijing," *Xinhua,* May 14, 1985, *Daily Report: China*, FBIS, May 15, 1985, pp. B1-B2.

25. "U.S. Export Controls and China," *GIST*, Bureau of Public Affairs, U.S. Department of State, March, 1985. A strong push remains to further release export controls on China so it can obtain additional technology. Richard Holbrook, former Assistant Secretary of State for East Asian and Pacific Affairs during the administration of President Carter, made a plea to separate China from the export control system aimed at the Soviet Bloc because it was damaging U.S. sales of technology to the PRC by imposing delays. Richard Holbrooke, "The Drag on Sino-U.S. Trade," *The Wall Street Journal,* February 15, 1985, p. 22. The U.S. obtained support from its allies to exempt a large part of the technology trade with China from multilateral screening. According to the National Council of U.S.-China Trade, the U.S. in 1984 shipped $10.2 million in office machines and automatic data-processing equipment to China (more than double the 1983 trade); $178.2 million in scientific instruments (a 24 per cent increase over 1983); and $32.5 million in computers (triple the volume of 1983). Eduardo Lachica, "Allies Back U.S. Plan Aimed at Speeding Variety of Technology Sales to China," *The Wall Street Journal,* June 4, 1985, p. 37. During the first quarter of a 20 per cent increase with U.S. exports increasing 24 per cent while U.S. imports increased 16 per cent; the U.S. posted a $169.4 million trade deficit. "China-U.S. Trade Rose 20% in First Quarter," *The Wall Street Journal,* May 24, 1985, p. 29.

26. Robert Delfs, "Trade: Reform upon Reform," *Far Eastern Economic Review*, March 7, 1985, pp. 59-61.

27. *Doing Business with China*, p. 7.

28. Chen and Lee, *China's Economy and Foreign Trade, 1981-1985,* pp. 26-28; Julian Baum, "China opens three more areas to foreign money and technology," *The Christian Science Monitor,* March 11, 1985.

29. *Doing Business in China,* p. 7.

30. "Jingji Ribao on Opening Coastal Cities, Economy," *Jingji Ribao*, May 13, 1985, *China: Daily Report,* FBIS, May 16, 1985, pp. K6-K7.

31. Baum, "China opens three more areas to foreign money and technology," If Deng's estimate is correct, China would still have a long way to go to reach this threat to its socialist economy. In 1984 the special economic zones represented about $900 million in contracts and the fourteen coastal cities about $1.2 billion. *Ibid.*, p56.

32. Mary Lee, "Currencies: Banana skinners slip off," *Far Eastern Economic Review,* April 25, 1985, p.130.

33.Mary Lee, "A Multi-Currency Basket," *Far Eastern Economic Review,* May2, 1985, p.56. The situation has created additional problems for foreign banks. (The State Council on April 12 allowed foreign banks operating in the special economic zones to grant loans in local and foreign currencies as well as accept deposits in renminbi, the official currency of the PRC. See Mary Lee, "Foreign-Bank Freedoms," *Far Eastern Economic Review,* April 25, 1985, pp.130-131). These foreign banks can deal with foreign customers or Chinese corporations which are involved in joint ventures with foreign firms. The unanswered question is whether these foreign banks will be liable if one of their customers should be found guilty of violations of the foreign exchange regulations. *Ibid.*, p. 56.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(34) " New Currency for Shenzhen Delayed Pending Study," a report from the *Hong Kong Standard*, May 13, 1985, *China: Daily Report,* May 14, 1985, pp. W1-W2.

(35) *Doing Business in China*, pp. 2,4,8,11. See also "Them and Us," *The Chicago Tribune*, June 30, 1985, pp. 8-15, 27. The article talks about the outward welcome given to Americans visiting China and the hostile manner in which some of the Chinese talk about Americans among themselves. It notes that on a governmental and practical level, "the admiration and awe is directed toward U.S. technology, wealth and expertise." Ibid., p. 11 See also Daniel Southerland, "Do the Chinese Hate Foreigners," *The Washington Post*, June 16, 1985, p. C5.

(36) *Foreign Economic Trends and their Implications for the United States,* prepared by the American Embassy in Beijing, International Trade Administration, U.S. Department of Commerce, Washington, D.C.: Government Printing Office, October, 1983, p.7.

(37) Ibid., 7-8.

(38) See Donald J. Senese, *Modernizing the Chinese Dragon: The Prospective Impact of Western Aid and Technology on Mainland China,* Washington, D.C.: Council on American Affairs, 1980.

(39) "The Price of Technology Leaks," *The Wall Street Journal,* May 10, 1985, p. 24. The editorial relates the story of a document written by a Soviet aviation minister in 1980 and obtained by French intelligence which boasted of the great technological progress the Soviets had been able to make by the use of Western technology.

(40) Bernard Weintraub, "Reagan Welcomes Peking President; Atom Pact Signed," *The New York Times,* July 24, 1985, pp. A 1, A11; Mary Balcher, "Reagan OKs sale of nuclear reactors to China," *The Washington Times,* July 24, 1985, pp. 1 A, 10 A; Joanne Omang, ".U.S. and China Sign Nuclear-Power Pact," *The Washington Post*, July 1985, pp. A 1, A 14.

(41) A study by Wolfgang Bartke and Peter Schier, *China's New Party Leadership*, observes that although Deng supporters have come into power on the present Central Committee, a victory over the pro-Maoist faction, and that even if the major conflicts between the Deng faction and the pro-Maoist faction seem to have ended, the debate between proponents and opponents of the reform policies over the direction China is to take has just begun, and some of the recent problems experienced in the reform program could be part of a sabotage by the anti-reform faction. See Stephen Uhalley Jr., "Aiming the Spotlight on China's New Party Elite," *The Asian Wall Street Journal,* May 20, 1985, p. 15

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SAUDI ARABIA'S ISLAMIC GROWTH MODEL – APPLICATIONS TO MONETARY AND BANKING POLICY

By Robert E. Looney

Introduction

Perhaps no other area of Islamic economic thought has been more misunderstood than that concerning the role of the rate of interest. Any economic system concerned primarily with the welfare of the individual must not only encourage allocative efficiency but also promote economic growth if it is to avoid social injustice, economic stagnation and widespread unemployment.(1) The method of state allocation utilized in the Eastern Bloc countries is one possible way of avoiding the widespread use of interest rates, given that the complete or near complete socialization of the means of production that this system requires is contrary to the individualistic moralistic philosophy of Islam. The Saudi government is, given its concern for the welfare of the economy, left with little choice but to somehow direct savings through the organized capital markets to the private sector. The difficult problem from an Islamic point of view arises because the only known method of encouraging the productive use of savings is to raise the interest rate to the point where the discounted marginal social cost of investment is equal to the discounted marginal social benefit of investment.

If the interest rate is not permitted to rise to some positive value to discourage marginal and inefficient projects, it is likely the kingdom's objectives of social justice with material betterment for its citizens will not be met.

The simple fact is that the interpretation of Islamic doctrine to abolish the interest rate is not only not as straightforward as it is supposed to be but quite naive, given the fact that alternative policies may generate greater social inequalities than the existence of interest is alleged to promote – the inequality of income between labor and capital. While accepting the fact that positive interest rates help in achieving economic efficiency and economic growth, Islamic scholars often contend that their use still can not be justified on moral grounds.(2)

If we accept the fact that given our present state of knowledge, other policy alternatives create economic inefficiency and inhibit economic growth, then it is incumbent that Islamic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

countries create some sort of institutional arrangement whereby the positive aspects of the interest rate are allowed to function while simultaneously its negative or morally objectionable features are suppressed. The sections that follow attempt to assess the success to which the Saudi authorities have had in structuring an efficient financial system along Islamic lines.

At present the Saudi Arabian financial system comprises five major institutions:

1. the Saudi Arabian Monetary Agency,
2. the money changers,
3. the commercial banks,
4. public specialist institutions, and
5. the Islamic banks.

In the discussion that follows, particular attention is given to the latter three insitutions, especially with regard to those factors which impinge on the government's ability to stabilize the economy while meeting the major objectives of the country's development plans.

Development of Commercial Banks

Commercial banking in Saudi Arabia grew up largely through the provision of import finance. This type of activity still predominates, although there is a trend towards diversification of bank assets. Deposits are still largely short term, however, and as a result many banks are still reluctant to undertake a very large number of long term commitments. Bid bonds and contract guarantees have become another lucrative area, although bonds for the big contracts must be syndicated abroad (since the Saudi banks do not have a large enough capital base to undertake them).

Despite these changes commercial banking has not expanded as dramatically as the rest of the economy. Several reasons are responsible:

1. Because of restrictions on interest rates, banks have not been able to attract as many funds as would normally be the case.

2. The banking system itself is largely oligopolistic (only two Saudi banks) with little competition to force expanded service and coverage.

3. SAMA has been extremely conservative in issuing new licenses (only one was issued during the last decade).

4. Stiff competition still exists from the money changers

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

who perform many of the services provided for by the banks.

5. Foreign or suitcase banking has become an important element in the system.

6. State owned credit banks are major lenders in certain areas.

7. SAMA has not allowed offshore banks to open, but instead has preferred to see offshore Saudi rival financing develop in Bahrain with Saudi bank's opening subsidiaries there.

8. Qualified labor is quite scarce since many Saudi families discourage a career in banking for religious reasons.

Several characteristics set the Saudi Arabian banking system apart from its counterparts in Kuwait, Bahrain and the UAE. These include:

1. the absence of interest rate regulations,
2. the lack of a domestic capital market,
3. the slow progress towards any investment banking activity – relying, that is, on management skills rather than balance sheet optimization.

Lending Activities

While perhaps not expanding as fast as one might have anticipated due to the overall rate of growth of the economy, the sheer size of the expansion of assets in recent years clearly indicates the dynamic conditions prevailing in the country's financial markets. Private sector loans and investments increased by almost twenty times during the 1965-79 period.(3)

Domestic loans and investments comprised over 40 percent of the banks' assets in 1979. This has been relatively constant with fluctuations around 5 percent of this figure through the 1970s. Bank assets are, despite the Islamic preference for direct equity investment, mainly comprised of loans. In fact, Saudi commercial banks, like their Western counterparts, have a strong preference for revolving credit loans rather than longer term commitments.

A breakdown of the lending by the commercial banks shows that, as in most developing countries, trade credit is of greatest importance. This activity accounted for one-third of total bank loans in 1978. In large part these loans are used to finance local merchants' stocks of imported goods (as they often have to meet the payment to the foreign supplier before the goods are actually sold). Banks can, of course, provide letters of credit and guarantees for importers, but these often require longer

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

periods to turn their stock over. While importers have a number of financial options, it is apparent that the commercial banks are now playing a growing role in this area. Between 1977 and 1978, for example, the value of trade credit increased by over one-third.

The second most important area of bank credit is construction finance, comprising over one-fifth of the banks' total loans in 1978. Commercial bank lending for construction takes place in spite of the activity of the state run Real Estate Development Fund, which provides interest free loans to private home buyers. In addition another agency, the Credit Fund for Contractors, gives highly subsidized short and medium term loans to Saudi building firms. There are a number of areas not covered by the public agencies, however, thus providing banks with a number of profitable lending areas. Housing and other facilities for immigrant workers, for example, are not covered by these funds, and in recent years there has been a boom in apartment building for these workers. In addition, bank lending for commercial buildings and other non-residential development has filled an area also not covered by public lending.

Finally, in spite of the very generous financial provisions made available for manufacturing ventures by the Saudi Industrial Development Fund, commercial bank lending to industry has been expanding rapidly in both absolute and relative terms. In large part this expansion is a response to several gaps in the government's industrial financing program. The State Industrial Fund, for example, provides up to 50 percent of the financing available for the ventures it selects for credit. In addition, these loans are usually only for medium and longer term fiscal capital formation. As a result borrowers have to turn to commercial banks for working capital.

Total foreign assets of the Saudi commercial banks amounted to almost 13 million riyals in 1979. Most of this was in the form of deposits with other banks in the principal world financial centers, particularly London. Saudi Arabia's two indigenous banks have only recently extended their operations outside the country. Their operations are largely confined to the wholesale interbank market rather than to retail banking. The foreign assets are largely in the form of liquid placements. Most of these deposits are withdrawable on demand and involve only a few major Western-owned banks.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Foreign assets of this type do not qualify as reserves with SAMA. Yet, there is no evidence that banks have had much trouble in complying with SAMA's required reserve ratio. These domestic liquid assets were almost as great as loans outstanding in 1975 and 1979. This pattern reflects the commercial bank's tendency to maintain large cash holdings and deposits with SAMA in excess of their reserve requirements. The major component of bank liabilities is current account deposits (on which no interest is paid). The sheer magnitude of these deposits and their growth over the last decade indicate that they are well in excess of what deposits require for transactions or even precautionary purposes. Clearly, many customers are using current accounts for their savings. In doing so they are apparently willing to accept the opportunity costs involved (due to high interest rates abroad and domestic inflation domestically).

Saudiization

In addition to the reasons given above for the slow expansion of banking in the kingdom, foreign banks were somewhat reluctant until quite recently to expand because of the government's Saudiization policy.(4)

Under this plan, majority ownership has been transferred to Saudi nationals with the usual equity pattern being 40 percent to the foreign bank, 15 to 20 percent to the Saudi sponsors, and 35 to 40 percent to the Saudi public.

For several years foreign banks were prohibited from either opening new branches or increasing their capital. Branching restrictions are not in effect for Saudiized banks. Through enabling foreign banks to increase their capital and branches, Saudiization has enabled the foreign banks to begin competing with the two original Saudi banks, National Commercial Bank and the Riyadh Bank.(5)

As it stands now (1980), the two Saudi banks still dominate the financial system. Combined they account for approximately 70 percent of the country's commercial bank assets, 80 percent of its deposits, and approximately 90 percent of all commercial demand accounts.(6)

The dominant position of the two Saudi banks may diminish as the Saudiized banks pursue an agressive policy of opening new branches and generating loans. Due to the relatively long time needed to build branch offices and train new staffs, it may

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be five to ten years before competition in banking increases by a substantial amount.

Bank Profitability

The basis for Islamic banking and the prohibition of interest is the belief of the Moslem that capital itself should not generate a profit without any human effort being exerted. Financial gains, either through interest bearing deposit accounts or interest charging commercial loans, are referred to as "ribah" by Islamic banks and are strictly forbidden by the Qu'ran. Islamic law, however, does not imply that banks must receive negative or extremely low rates of return on equity. Under the "Mudaraba" system (otherwise known as profit sharing), it is possible for banks to do extremely well financially.(7)

Islamic codes do however permit banks to lend capital to entrepreneurs with the understanding that the bank will received a certain fixed percentage of the profits generated by the loan. Banks stand to make a large profit through this practice, or conversely they share the losses if the new venture proves a financial failure. The Mudaraba system, therefore, assumes that a social balance is struck between the value of capital and the value of human endeavor, a balance that in no way reduces the overall level of investment that would likely take place under alternative Western type banking practices.

Many of the Ribah-free banks (RFBs) operating in Saudi Arabia provide a full range of normal commercial banking services. Credit provision and trade financing are undertaken on a profit sharing basis, while transfers, foreign exchange, checking accounts, and other non-credit services are provided on a commission or fee basis. Fees for services are permitted by Islamic codes if they are payment for services that involve a real exertion or effort on the part of the bank.(8) In short, there is no inherent reason why Islamic restrictions should limit bank activity or profitability.

Official data collected by SAMA does in fact confirm that the kingdom's commercial banks are quite lucrative (as evidenced by three key ratios): 1) return on assets (ROA); 2) return on equity (ROE), and 3) leverage – the ratio of total assets to the equity of the bank's shareholders or partners. The most important indicator of bank profitability is return on assets.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

According to the most recent financial statements of the banks, the ROA of the two Saudi banks averages 2.6 percent. This is approximately 70 percent higher than the average 1.5 percent generated by the Saudiized banks. When the leverage factors of the banks are incorporated and the ROA is calculated, the difference between the two classes of banks is even more dramatic. NCB has the highest ROA at 47 percent. Three of the four Saudiized banks on the other hand average about 20 percent.(9)

Clearly, the Saudi banks operating with their massive deposit bases and low costs of funds are able to produce profitability ratios far in excess of the Saudiized banks. Although the relative size of the Saudi banks alone accounts for some of the difference in figures, the fact that they are the sole bankers in many locations in the kingdom (the Saudi banks have approximately 70 percent of all branches in the kingdom) must also contribute to their relative success.

Finally, and probably most importantly, the Saudi banks seem to have an advantage in obtaining funds. While the Saudi banks do not specify the cost of funds (the amount banks must spend to maintain their deposits), a reasonable proxy for the cost of funds (COF) for comparative purposes can be derived by dividing total service charges (which include interest paid on savings accounts) by total funds. The calculation of COF indicates that the funds of the Saudi banks cost approximately half what funds cost the Saudiized banks. Individual comparisons are even more dramatic. While Riyadh Bank's funds cost approximately 0.7 percent, those of Bank al Saudi al Hollandi cost 2.2 percent.(10) This is a difference of over 200 percent. By comparison the cost of funds for most U.S. banks during 1979 was in the neighborhood of 10 percent.

The relatively low cost of funds must in part account, therefore, for the high profitability of Saudi banks. In spite of their low cost of funds, the Saudi banks are not all that aggressive in making loans. Loans and advances as a percentage of total deposits is much lower than for Saudiized banks. NCB, for example, loans only 36 percent of its deposits, while the Saudi French Bank and the Saudi British Bank advance 83 to 84 percent of their deposits, respectively.(11)

Apparently, these ratios reflect a major difference in philosophy between the Saudi and Saudiized banks. While the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Saudi banks are content to loan a relatively small percentage of their deposits, the Saudiized banks are aggressively granting loans to gain an increased market share. The disparity between loan deposit ratios may narrow as the Saudiized banks increase their deposit base through their planned branch expansion.

Clearly, this deposit pattern benefits the banks and is a major reason for their high profitability. The value of time and savings deposits in which a fixed commission is paid in lieu of interest to the depositor (in accordance with Saudi law) remains relatively modest. There seems little desire on the part of customers to switch from demand to time deposits. The banks for their part seem reluctant to promote alternative methods of saving.

Reluctance of the banks in promoting savings makes a certain amount of sense given the greater profitability of current deposits. However, expansion in savings deposits might not necessarily be at the expense of their current accounts. Large volumes of Saudi funds are held overseas. Some of these would likely flow into savings if the terms were improved. Clearly, the banks are aware of this. A major explanation of their lack of enthusiasm for savings promotion must be concern over antagonizing the more conservative sections of the community. Vigorous promotion by offering high premiums for savings may be viewed as an indirect form of interest. Sanctions might flow even though religious principle would not be undermined (so long as the higher charges are not passed on to borrowers). The banks' long-run strategy should be one of education; i.e., since Muslim concern is with any hardships that might be inflicted on the latter, the banks should stress the fact that potential gains might be made by depositors as long as the gains are not at anyone else's expense.

To conclude with the problems listed above, the main trouble for commercial banks in the post-oil boom has not been one of attracting funds but of finding good borrowers. Total assets and liabilities from the commercial banks in 1974-75, for example, went up by 55 percent and the money supply increased by 40 percent. With the government responsible for about 80 percent of domestic spending, the banks have not so far played a big part in medium or longer term project finance. Their main role is still import financing and loans for construction. But as the pace of economic development increases, there are signs that some of the liquidity is being mopped up. Deposits in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

commercial banks rose by 55 percent in 1974-75, while loans and advances to the private sector soared by 90 percent.

Specialized Banks

Specialized banks in Saudi Arabia serve a two-fold function. First, they are primarily a conduit for fiscal policy and are, therefore, essentially government agencies. Secondly, they are complementary to the commercial banks in that they provide long term financing. Short term financing, the essence of banking, is left to the commercial banks.

The function of the government funded credit institutions is to provide long term financing to certain sectors of the economy given a high priority by the government. Many projects funded by these institutions are not economically justified and, therefore, would not have been undertaken without the concessionary financing terms. It is significant that in 1978/79 alone, these institutions disbursed approximately SR 17 billion or just slightly less than the SR 20 billion total loans outstanding of all commercial banks in the kingdom.

Islamic Banks

Granted that private initiative will provide the dynamic element in an Islamic growth model, the central question arises: what specific policies should the government adopt to encourage investment? Furthermore, given the value of investment required to produce preassigned levels of output, the next fundamental question is how should the savings be generated to sustain such investment?

The process of savings formation can essentially take two forms: 1) the government may directly generate the requisite funds through oil revenues (as in Saudi Arabia's case) and by encouraging private savings and making these funds available to investors through the capital market, or 2) alternatively the government may encourage corporate savings. In the latter case savings are generated within the private sector by a combination of fiscal, price and wage policies, all tending to increase undistributed corporate profits (which are then assumed to be reinvested). In this method the investors are also the savers. Because the first of these two policies relies on interest rates, these may be incompatible with the Islamic view of basic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

economic processes.

The dilemma for Saudi policy makers arises from the fact that the first policy, although relying on the interest rate to mobilize private savings, results in a more equal distribution of income than the second. The second policy deliberately fosters extreme inequalities of income on wealth on the assumption that only rich save and invest. Islam prohibits the payment and receipt of interest but it also refuses to tolerate glaring inequalities of income and wealth, and thus the dilemma.

An innovative way of reconciling this problem has been through the creation of a new type of bank — the Islamic bank run on the principles of Shari'a law.

The new Islamic Development Bank, headquartered in Jeddah and capitalized in great part with Saudi money, is an example of this innovation in banking. Its director indicated on occasion that only 20 percent of its future business will be in interest free loans. The remainder is likely to be in the form of free or limited partnership. If a lender becomes a partner, he or it can legitimately under Shari'a law accept part of the profits of the enterprise. Clearly, this procedure circumvents the interest restriction.

Among the other activities of the Islamic Development Bank are: 1) participating in capital projects; 2) extending loans to institutions and productive projects in member countries; 3) extending financial assistance in various forms for economic growth and social progress; 4) helping in international trade between member countries and in the production of commodities, and 5) extending technical assistance, particularly in training personnel, in economic development, research, banking and other economic activities in accordance with the Shari'a.(12)

Broadly speaking, Islamic banks maintain three types of accounts: 1) nonprofit accounts with a very small minimum deposit from which withdrawal can be made at any time; 2) profit sharing deposit accounts with a modest minimum balance from which withdrawal can be made annually (or at shorter intervals), and 3) social services funds, consisting of gifts from which payments are made in emergencies such as accidents involving participants. The profit by these is said to be enormous for both profit sharing depositors and stockholders.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Traditionalists who aspire to restore Islam to its original purity and escape from alien influences have cited Islamic banks as proof of the suitability and adaptability of the Islamic doctrine to the needs of modern times. The sponsors of these banks argue that the Islamic banks are not much different from the familiar Western banks. The only difference is that they are not based on fixed rates of interest on loans or on deposits, which from their point of view are usurious under the Shari'a law. The regular banks they argue not only deal in money but also invest in agricultural, industrial, commercial and human projects. Therefore, Islamic banks can deal and invest in such projects but without the use of usurious interest rates.(13)

Efficiency of Monetary Policy

Throughout the postwar period there has been a growing awareness of the importance of monetary policy in the progress of economic growth stimulated by research and debates concerning the role and effectiveness of money and monetary policy. While the issues have been discussed at length, both at the university and governmental levels, the role that monetary policy can play remains a subject of dispute among academicians and policy makers alike.(14)

Although the issues concerning the influence of monetary aggregates on production, employment, and economic growth has not been settled to everyone's satisfaction, all parties at least agree that the monetary and real sectors of an economy are invariably interconnected. In nations, the economic activities of which are built upon the revenue of a single commodity, such as oil, and in which all the revenues accrue to the government, the need to disburse the huge revenues renders the entire economy dependent on governmental budgetary policies. As a result, both monetary and fiscal policies determine the level of production, consumption, and investment in such economies. As is the case in most surplus funds countries, the monetary and fiscal policies of Saudi Arabia are so closely related that they can be taken as one and the same thing, for the flow of money into the economic system depends on the extent to which the Saudi Arabian government spends from its oil revenues.

With regard to countries like Saudi Arabia whose money and capital markets are extremely limited and in the process of evo-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lution, the debate is not so much concern with the intricacies of the transmission process but tends to be more policy oriented. Here primary concern is more with the manner in which monetary policy can be used to achieve economic objectives; in this connection there is also disagreement as to the extent to which these policies can be effective, given the prevailing economic conditions. In general, there has been a tendency to attribute a low importance to monetary policy in Saudi Arabia because the public sector so dominates economic activity. Largely because of inflation, there has been renewed interest in developing a more active role for monetary policy in the kingdom.

Obviously, given the institutional setting of SAMA, the question immediately arises as to whether the agency has enough tools at its disposal to perform the normal tasks involved in an activist monetary policy. For example, in the usual situation, if a central bank determines that it should tighten or raise interest rates and thereby slow the economic growth of the country, it has three major actions available. First, it can raise reserve requirements. Second, it can raise the interest rate for borrowing from the discount window. Third, it can conduct open market operations by selling (and purchasing) government securities, and thereby decrease (and increase) the cash in the system as the securities are paid for (sold) and money transferred to (from) the government.

As noted, SAMA has evolved to the point where it performs many of the traditional central bank functions, such as serving as the government's fiscal agent, managing the country's foreign exchange reserves and supervising the commercial banks. Nominal money is created primarily by government spending (government consumption is paid for in cash) and to a lesser extent through the creation of excess commercial bank reserves (which may lead to additonal lending).

Some important restrictions on SAMA remain, however. The agency may not extend credit to the government or to private entities (including banks), and because it may not contravene Islamic laws, it may not use the discount rate as an instrument of monetary policy.

These restrictions obviously place limitations on SAMA's ability to implement monetary policy. They also cast some doubt as to the capability of the country under certain circum-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

stances in being able to achieve its major economic objectives. The seriousness one attaches to this problem depends in large part on the empirical relationships in the kingdom between government spending, the money supply and macroeconomic aggregates – an area in which there is considerable controversy.

Because SAMA is not a lender of last resort in the traditional sense (it will not discount commercial paper), reserve requirements are the only major tool at its disposal. Clearly, this has restricted the agency's ability to stabilize the economy. It is not clear, however, that given the fact that it can inject funds into the system by placing government funds in its deposits at commercial banks it is unable to pursue some sort of activist policy. SAMA can also regulate the money supply through modifying capital flows in and out of the kingdom.

In this regard Saudi monetary policy, because of the unregulated domestic interest rate, has much more flexibility than that of most other Gulf states. In particular Kuwait and the UAE governments have tended to regulate domestic interest rates quite arbitrarily at very low levels. With international rates much higher, arbitrage has resulted in a large exodus of capital from these countries and continues to be a major problem. Saudi Arabias' strong feelings against interest rates seem to moderate the outflow from the kingdom. In addition, the government by regulating its expenditures has controlled the growth of the money supply more tightly than the other Gulf centers. The result has been that SAMA has been able to control capital outflows somewhat, and in fact, uses them as a policy tool. For example, one way SAMA reduces the domestic money supply is to simply let capital outflows occur when inflationary pressures are building up. With these flows, the money supply can be contracted simply by not putting any more money into the system and relying on the outflow to continue.

Despite the controlled capital flow innovation, SAMA has relied by far on changes in reserve requirements as its major monetary tool. Changes in reserve requirements influence the currency issue indirectly; i.e., an increase in reserve requirements causes commercial banks to increase their demand for reserves and thus sterilizes the effects of any increase in government spending. In this situation a reduction in government deposits is matched by an increase in bank deposits at SAMA

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

leaving the amount of currency unchanged.

While reserve requirement changes are effective, there may be limits on its use. By the late 1970s, for example, de facto reserve requirements were between 40 and 50 percent. At these levels any significant increase might weaken the banking system and prevent it from playing a significant role in the economy. There are, however, several possible innovations in SAMA's policy that are consistent with Islamic law and at the same time capable of stimulating growth without inflation. For example: (15)

1. set a target growth of currency equal to the real growth of the economy;

2. control its spending so that it conforms with the targets established for currency growth;

3. encourage private purchases of foreign assets in amounts which are consistent with the economy's domestic financial needs through the development of a new riyal denominated certificate.

These certificates could be developed and managed along the following lines:

1. SAMA establishing a special account to which it could transfer a certain share of its foreign assets;

2. SAMA being prepared to sell the riyal denominated certificates in an amount equal to the local currency value of the foreign assets in the special account. If these certificates were purchased by the government, they would be paid for by a reduction in government deposits at SAMA with no initial effect on reserve money or currency. If the certificates were purchased by the public, they would be paid for by both currency and checks which, via a reduction in bank reserves, would reduce the amount of reserve money and currency in the hands of the public.

3. These certificates would not pay interest directly, but would simply pass through the income received by SAMA on the foreign assets in its special account. In addition, because the certificates are denominated in local currency, there would be no foreign exchange risk to the purchaser. These characteristics would make the pass through certificates desirable to hold by the public.

4. Government purchases of the certificates would not immediately affect the level of reserve money, because the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

reduction in government deposits at SAMA would be matched by an equal and opposite increase in the number of certificates which SAMA would maintain for the government. However, in the event that the government runs a budget deficit at some future time, the certificates would provide a method of financing other than through SAMA. The government could sell the certificates to the public in an amount equal to its deficit. This would be non-inflationary because the funds which the government would put into the economy would be matched by funds withdrawn via public purchase of certificates from the government. This procedure can be contrasted with the current situation where any government budget deficit would be financed by a simple reduction in government deposits at SAMA financed, in effect, by a money creation process which would represent a net increase in public liquidity in the form of reserve money. Thus the current procedure potentially could be far more inflationary than the certificate plan.

Conclusions

In spite of its growth, the banking system remains less sophisticated than the market it serves. There is little computerization, no secondary market for money market instruments, and a still somewhat passive monetary authority. This environment has led to wide and dangerous swings in the system's liquidity. There are signs, however, that the industry is addressing these issues. In particular, SAMA, while not yet assuming all of the traditional functions of a central bank, is nevertheless beginning to play a more active role in managing the kingdom's monetary affairs. In addition, it seems clear that Islamic practices do not place any particular insurmountable constraints on the financial system.

Given Saudi Arabia's high growth rates, relatively tranquil social and political atmosphere, one must come to the conclusion that at a minimum there is nothing apparently adverse associated with the Islamic growth model. At best it might be possible to attribute considerable amounts of the kingdom's economic success to the application of this model. Other Middle Eastern countries should be cautious, however, before seriously considering adopting some of the kingdom's Islamic based economic policies.

Moslem scholars argue that the Islamic based economic sys-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tem is uniquely designed to minimize if not eliminate built-in contradictions and inequalities such as those characteristic of both capitalist and communist economic systems. In this regard the internal social and political stability of the kingdom appears to stem from the fact that through both the foresight of its leaders and their ability to combat inequality through programs made possible by oil revenues, they have already made genuine accommodations between the country's societal institutions whereby people live and function with cultural and religious values that give life meaning and worth.

Islamic scriptures are not explicit as far as the economic foundations of Islam are concerned. A reading of these sources provides some principles for behavior and a few constraints on human action. They serve as a code of moral behavior rather than a code of economic behavior. Saudi Arabia's economic system and its Islamic growth model are unique to that country's history and institutions. Adaptation of the system by other countries might lead to an internally inconsistent conglomeration of economic policies. Any attempt to artificially telescope the evolutionary process involved in framing rules of the game in a real life Islamic society is fraught with great dangers. A sensible government will have to exercise utmost caution in forming economic policies for the simple reason that they undoubtedly do not have as many degrees of freedom as the Saudis.

FOOTNOTES

(1) Syed Nawab Haider Naqui, "Islamic Economic System: Fundamental Issues," *Islamic Studies* (Winter 1977): 335.

(2) For an excellent summary of these positions, see Syed Nawab Haider Naqui, "Ethical Foundations of Islamic Economics," *Islamic Studies* (Summer 1978): 105-136.

(3) The following figures on bank operations are from SAMA, *Annual Report,* pp. 25-41.

(4) J. Tripp Howe, "Saudi Banking," *Saudi Business and Arab Economic Report* (June 6, 1980): 22-29.

(5) John Whelan, "Al-Bank Al-Saudi Al-Fransi: Fully Committed to Saudiisation," *Middle East Economic Digest* (July 1980 – Special Report): 69-70.

(6) J. Tripp Howe, "The Riyad Bank," *Saudi Business and Arab Economic Report* (May 9, 1980): 20-21.

(7) Mohammad Mohsin, "Feasibility of Commercial Banking without Rate of Interest and Its Socioeconomic Significance," *Islamic Quarterly* (December 1978): 151.

(8) Ibid., p. 152.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(9) Howe, "The Riyad Bank," pp. 20-21.
(10) Ibid.
(11) Ibid.
(12) Adel Bishtawi, "Arab Banking Survey," *Saudi Business and Arab Economic Report* (October 5, 1979): 13-15.
(13) Mohsin, "Feasibility of Commercial Banking," p. 157.
(14) For a good summary of this debate, see Tom Cargil, *Money, the Financial System and Monetary Policy* (Englewood Cliffs, New Jersey: Prentice Hall, 1979), Chapter 17.
(15) The following is based on Michael Keran and Ahmed al Malik, "Monetary Sources of Inflation in Saudi Arabia," Federal Reserve Bank of San Francisco, *Economic Review* (Winter 1979): 17-19.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ORBIS. Where Else Can You Read ...

► **PIERRE GALLOIS on the Soviet Global Threat & the West;**
► **ROBERT NEUMANN on Reagan's Middle East Policy;**
► **EUGENE ROSTOW on America as a Sleeping Giant;**
► **and PAUL WARNKE on the Reagan Nuclear Strategy?**

ORBIS.

For individuals seeking in-depth understanding of the cross-currents of international affairs. With this special offer, you can subscribe to ORBIS and enjoy the benefits of membership in the Foreign Policy Research Institute. For only $15 a year—that's $10 off the regular membership dues—you will receive 4 book-length issues of ORBIS and:

1. COMPLIMENTARY COPIES OF THE "PHILADELPHIA POLICY PAPERS," THE INSTITUTE'S NEW MONOGRAPH SERIES;
2. NOTIFICATION OF INSTITUTE SEMINARS OPEN TO THE PUBLIC;
3. AN INSTITUTE MEMBERSHIP CARD (WALLET-SIZE);
4. A 20 PERCENT DISCOUNT ON BOOKS IN THE INSTITUTE'S NEW SERIES, "FOREIGN POLICY ISSUES";
5. THE INSTITUTE NEWSLETTER;
6. THE INSTITUTE'S ANNUAL REPORT.

ORBIS.

To enroll, just complete the handy coupon below and mail to the Foreign Policy Research Institute, 3508 Market Street, Suite 350, Philadelphia, PA 19104

☆ ☆

MEMBERSHIP ORDER FORM

SPES

Please enroll me as a Member of the Foreign Policy Research Institute, and bill me later for the $15 annual dues.

Name _____

Address _____

City _____

State _____ Zip _____ Country _____

If you currently subscribe, please provide expiration date: _____

☆ ☆

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WOMEN AND WAR: THE CASE OF ISRAEL

By Yael Yishai

In the beginning of this century a woman appalled by the horrors of the Boer War (1899) wrote: "it is our [the females] intention to enter into the domain of war and to labor there till in the course of generations we have extinguished it" (Shreiner, 1914: 59). It is conceivable that women pay the highest price of war since, in Yitzhak Rabin's words, "Their supreme sacrifice in withstanding the grief of death is a source of strength to the whole nation" (Rabin, 1975: 1724). Bearing in mind the cost of war, women constitute, potentially, the social segment most interested in its extinction. But the role of women in the promotion of peace has not been widely studied. Do they indeed carry the banner of conciliation? The answer presented in this study is based on the experience of a society which is engaged in a protracted conflict recurrently evolving into armed struggle, whose citizens, irrespective of gender, are full partners to the war effort.

Does the Israeli woman deviate from the image describing her as the watchdog of human life? Or does she, like her western counterparts seek "arbitration and compensation," perceived as being "cheaper and simpler methods of bridging the gaps in national relationship" (Shreiner 1914: 51)? Probing this question requires the examination of two factors: Women's views regarding peace and war, and women's activities in the promotion of peace.

Although Israeli women have been active in organizations promoting both hawkish and dovish positions – two illuminating examples are the First Circle, which strove against the withdrawal from Sinai, and Mothers Against Silence, which actively opposed the Lebanon war – no comprehensive, empirical study has been conducted on women's activity in the area of Israeli foreign affairs. In the absence of such research, this study addresses only the first question. It focuses on female opinion related to war and peace, attempting to examine critically the putative bond between women and the olive-branch. The conflicting positions held by Israeli women are presumably grounded in their equivocal position in Israeli society, torn between values of equality and practices of inequality. It is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

herein argued that the Israeli women's foreign policy positions tend to reflect their ambiguous status in that society. By conforming to mainstream opinion, and demonstrating their adherence to a male pattern, they bridge the gap between their two identities – as females and as members of a nation at arms. Probing the psychological, ideological, political and social dimensions of this duality will enable us to obtain an understanding of the relationship between Israeli women and aggression.

Female Opinions

In the U.S.A., female differences in political attitudes appear most consistently around humanitarian issues, especially issues of war and peace. These differences have become more apparent since World War II. Studies of female opinions on issues of foreign policy present an unequivocal trend: Women tend more than men to oppose military measures. Women were found less likely than men to support the Korean and Vietnam wars (Goot and Reid, 1975: 20), and more females than males were opposed to the invasion of Cambodia in 1973 (Turner, 1982: 371). Females were more likely to support U.S. withdrawals from wars already entered into (Pomper, 1975: 79) and to be less receptive to the idea of peace time conscription. They have likewise been less disposed to accord the U.N. the means and authority to use force (Hero, 1968: 52-4). In fact more women classify themselves as being doves than do men; 64% of the former in a 1969 Gallup Poll said they were doves (Baxter and Lansing, 1980: 59). Surveys also show women to have been ten percent more likely to regard the internment of IRA suspects in Northern Ireland as unjust (Evans, 1980: 219). There is thus wide evidence confirming the dovish inclination of the female, notwithstanding the fact that at the same time women also have been described as more "conservative" than men in their overall political opinions (LaPalombara, 1973: 445).

Our research into Israeli data portrays a different picture. For the purpose of this study, dove-hawkish tendencies in respect of foreign policy issues in Israel have been measured by two criteria: a) attitudes toward the territories captured in the Six Day War (1967) and b) attitudes toward the Lebanon war.

The status of the territories captured by Israel in the Six Day

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

War has been a matter of considerable controversy within Israeli society. Over the years a consensus has emerged opposing the return of all territories. However, partial return has been considered by some as a feasible option, on condition that the Arabs be willing to recognize Israel's sovereignty and conclude peace with her. The readiness to make territorial concessions (as depicted in the standard question – in return for peace) has become the hallmark of attitudes. The hawks are unwilling to return any territory, or only a small part thereof, believing that the area is either designated to Israel by a divine biblical promise, or that it's retention is essential to Israel's security, or both. The doves, on their part, are prepared to return the captured lands, being either unwilling to subjugate another people (the Palestinians), or fearful that Israel's Jewish features could be marred by the incorporation of these territories and people, or both.

Data collected since 1968 by the Israel Institute for Applied Social Research present a picture differing from that provided by the above cited U.S. and British findings. To begin with, the data (presented in Table 1) reveal a striking similarity between the opinions of Israeli males and females. In fact, the ANOVA test indicates no significant variation at all. Secondly, when statistical measures of variance are set aside, the women portray opinions *more* hawkish than men. The table presents the proportion of those unwilling to return any land, or willing to return only a small part. While the proportion of all respondents exhibiting uncompromising attitudes is high (an average of 63.1%), the share of the hawkish females is more than 5% higher than the hawkish males (65.8% and 60.4% respectively). This trend has shown a remarkable stability since 1975, the only year in which the proportion of hawkish women was slightly smaller (by less than 1%) than that of hawkish men. In other years the gender gap was easily discernible. Especially notable is the variation in 1977. Before Sadat's dramatic visit to Jerusalem, the male/female gap reached the peak of 16.3%, decreasing somewhat (to 12.8%) in the latter half of the year. These data vividly expose a linkage between women and aggression in Israel.

Surveys taken during the first phases of the Lebanon war also attest to the similarities between the attitudes of males and females (Table 2). In a survey taken two weeks after the erup-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 1

Positions Regarding Judea and Samaria by Gender (%)
Percentage of those unwilling to return any land or willing to return only a small portion.

Year	Males	Females
1968	89.8	92.3
1969	72.6	78;6
1972	64.2	67.9
1973	74.3	75.6
1974	54.4	61.9
1975	47.1	46.2
1976	47.2	51.5
1977*	53.1	69.4
1977	53.6	66.4
1978	53.9	57.3
1979	58.4	62.1
1980	55.3	61.1
1981	61.2	65.5

Source: The Continuing Survey, Israel Institute for Applied Social Research.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 2

Justification of the Lebanon War by Gender (%)

	Males	Females
June 21-30, 1982 (a)	94.6	92.3
August 10-19, 1982 (b)	81.4	81.3

The question: (a) Was the operation in Lebanon justified?

(b) Do you support (or conditionally support) the Lebanon War?

Source: Modiin Ezrachi. Unpublished data.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion of the war, a preponderant majority of both men and women (94.6% and 92.3%, respectively) supported the military campaign. A very small difference on the basis of gender was found in the answer to the question: "Is the IDF's [Israel Defense Forces], entrance to Beirut justified?" The positive answer of almost two thirds of both men and women (65.7% and 61.3%, respectively) reflected the widespread preponderence of a militant mood.

Some Explanations

Studies on the foreign policy orientations of females provide two major explanations for their dovish inclinations: biological and socio-cultural. Being those who give birth, women are generally supposed to be more reluctant to destroy life (Baxter and Lansing 1980: 59). As Shreiner has put it: "To the male, the giving of life is a laugh; to the female, blood, anguish, and sometimes death" (1914: 52). The woman's biological function also lays a heavier burden on her shoulders, since in case of war an accelerated fertility is expected. This need, claimed Shreiner, "throws upon a woman as woman a war tax, compared with which all that the male expends in military preparations is comparatively light" (1914: 53). The socio-cultural environment also usually contributes to female dovishness. Women are in most societies socialized into behavior patterns which are passive and nonviolent. The pursuit of power is commonly conceived as incompatible with femininity, and in such societies identification with the "masculine" values associated with war is likely to result in a loss of status on the sex specific status ladder (Kirkpatrick 1974: 15).

Israeli women are no exception in these two regards. Their biological contribution to society has been underscored, and the creation of the next generation is a cult that is deeply rooted in the Israeli ethos. As one author noted: "The womb of the woman belongs to the motherland" (Keinan, 1975). Like their counterparts in other societies, Israeli women shy away from forcible behavior (Friedman et al, 1982: 30). Power relations are stigmatized both as ends and means. Even women politicians regard themselves as unsuited to struggles for power (Yishai, 1978). Why then, are Israeli women more hawkish than their female counterparts in other societies. It is suggested that a) the confusion regarding self-identification; b) the ambiguity

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of religious norms; c) the two faces of female military service; and d) the equivocal socio-economic circumstances, all contribute to the development of hawkish female orientations in Israel.

The Confusion of Self-Identification

Israeli society is male-oriented. The image of the Sabra (the native born Israeli) was one of a youngster characterized by strength, courage and action. Emotionalism has been rejected as a form of feebleness that is both incompatible with the norm of the pioneer-warrior and ineffective in times of emergency. The image of the new Israeli was portrayed by Bruno Bettelheim's study of kibbutz children: "Our children are ashamed to be ashamed, are afraid to be afraid, they are afraid to love, afraid to give of themselves" (1967: 255). This discomfort with emotions, noted Hazelton, is masked by an ethos of pragmatism: "The vacuum in emotional life is rationalized by a down to earth concretism that evaluates any personal action or transaction by its practical consequences" (1977: 104). Notwithstanding these stereotypes there are wide differences in self-image between men and women. The man is the warrior – strong and assertive; the woman is feminine – emotional and weak. These images are widely held among both youth and adults (Benyamini 1975 quoted in Hazleton, 1977: 219) Israeli women are thus caught on the horns of a dilemma: They are torn between the national self-image, which is masculine, and their personal self-image, which is feminine. Since the two options are, according to the prevailing Israeli norms, mutually exclusive, there is no easy solution: "She [the woman] is expected to be feminine, even though the more stereotypically feminine she is, the less Israeli she then becomes. If she deviates from the norm of stereotypic femininity, she runs a high risk of being labeled abnormal and therefore ostracized" (Hazelton 1977: 110). The experience of the Israeli woman thus contradicts the ideals to which she subscribes.

This contradiction is mostly noticeable in times of war. Feminist anthropologists have concluded that the fact that women take on formerly masculine economic roles may be cancelled out by the heightened esteem accorded the masculine martial virtues (Randall, 1982: 134). In a study of sex roles in one of Israel's wars, the researchers found that belligerence had

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

intensified the salience of primary relationships and heightened the need for emotional reassurance (Bar-Yosef and Padan 1977). This occurrence is not unique to the specific war under scrutiny (the 1973 October war) but is typical of Israeli life at times of (relative) peace as well. While the men were mobilized into the army and performed the essential functions for conducting the war, the female population was treated as a voluntary group. War was found to contribute to the intensification of traditional sex stereotypes, which became more accentuated and polarized: "The masculine attributes focused upon the instrumental combat roles and the feminine ones on the supportive roles" (Bar-Yosef and Padan, 1977: 140). Even Golda Meir fitted the stereotype by appearing before the public as a grieving and loving Jewish mother.

The unmistakable emphasis on kinship roles during a time of national crisis highlights the dilemma of female self-identification: "I asked myself, what am I?" noted a well-known woman after one of the wars, adding, "It was a terrible feeling of impotence" (Chilton, 1974).(1) The incongruence between the national imperatives of the war effort and domestic functioning was thus an integral part of the Israeli woman's life.

The Ambiguity of Religious Norms

The orthodox Jew prays daily: "Blessed art Thou, O Lord our God, King of the Universe, that Thou hast not made me a woman." Ostensibly this short prayer unfolds the Judaic attitude toward females. Under the surface of this contempt, however, a compounded orientation prevails. Women's legal status, according to the Jewish law, is more compatible with the prayer cited above: Women are disqualified as witnesses in religious courts and cannot be nominated to be members of these courts. Marital laws reveal the inequality of men and women. At the same time, however, women are accorded a prime role in social life. The Jewish mother was described as the soul and inspiration of the Jewish home. It is through building this home that she is to achieve her ultimate self-definition, and the stamp she leaves on the home expresses her own uniqueness and individuality. Since Jewish tradition views maintenance of home life as critical, the assignment of prime responsibility for its keeping to the woman alleviates her status. A woman, as postulated in Jewish tradition, is equal but different. She is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 3

Educational Attainments by Gender
Persons (Jews) Aged 14 and Over by Years of Schooling

	Years of Schooling			
	0-4		16+	
	Males	Females	Males	Females
1970	10.8	20.4	7.2	2.7
1976	8.7	14.5	9.0	5.1
1980	7.3	13.2	10.7	6.4
1983	6.3	11.7	11.7	7.6

Source: Statistical Abstract of Israel 1971: 543
1977: 593
1981: 608
1984: 624

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

TABLE 4

Occupational Distribution A Gross Income, by Sex, 1982

	Occupational		Income*		
	Male	Female	Male	Female	All employees
Industry	39.3	8.3	51.6	33.8	49.4
Services	8.0	18.7	44.0	35.6	40.2
Sales Workers	8.1	6.3	61.5	47.1	57.2
Clerical	12.6	31.2	64.6	50.1	56.6
Managers	6.6	1.2	95.5	81.2	94.5
Professional	9.6	23.6	81.0	67.8	74.7
Academic and Scientific	9.5	8.5	98.3	81.1	93.7
			X=70.9	X=56.6	

*Average income per house at uniform prices (IS)

Source: Occupational: Statistical Abstract of Israel 1983: 370
Income: Surveys of Income, 1984: 91.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

exempt from obligation to study the Torah; and she is also not compelled to obey such "time-bound positive commandments" as wearing religious garments and participating in religious rituals (Meiselman, 1978:44-5). Women's centrality in domestic life, nonetheless, made them – at least in terms of religious perception – full partners in society.

Religious norms, as not only reiterated in the holy scriptures but also as applied to modern day reality, have prevented girls from becoming full partners to the military effort. The arrangements regulating women's service in the IDF have been bound heavily by three religious arguments: Immorality, illegality and ineffectiveness.

The Orthodox community has displayed grave concern over the moral consequences of female military service. The distance from home and the close relationship with males allegedly threatens the women's moral behavior. Illegality also has been raised as an argument against female conscription. The Torah prohibits the interchange of functions between men and women: "God has created male and female and designed for each of them a separate task" (Levin 1949: 1446). The most important objection to women's conscription however, is grounded in rational argumentation emphasizing the alternative: "a religious girl has no inferiority complex because she does not serve in the army," claimed an Orthodox MK, adding, "Her function as a mother of 7-8 children on the average is way and above what she could have done in two years of military service ....The national service of the observant girls, in their homes and families, is the most important service any Israeli could make, even for the sake of our security" (Lorenz, 1978). The child-bearing capacity was thus depicted as being of overwhelming importance, and reproduction regarded as "women's incomparable and unique contribution as citizens of the state" (Shaag, 1949).

The non-orthodox elite adopted some of the religious norms regarding women's roles. For Ben-Gurion, Israel's first premier, child-bearing also ranked highly in the order of values and state functions: "The unique destination of women is motherhood, no destination in life is greater than that." Reflecting his personal childhood experience he added: "Everyone knows that there has not been a dearer, more beloved and more faithful soul than mother." Motherhood, according to Ben-Gurion, over-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rides sex equality: "A woman should not be deprived of any right and should not be exempt from any duty – unless it is detrimental to her motherhood" (Ben-Gurion, 1949: 1568-9). The premier was not motivated by his own personal psychological predispositions only, but also by the deep conviction that Israel had to expand its population in order to survive in the midst of hostility. Demographic considerations aided the spreading of the religious postulate that "the woman's battlefield is her home" (Sheinman, 1978: 2373). Demographic considerations thus added weight to the arguments facing women: ought they to contribute their share in national defense only through their wombs, or ought they to participate, side by side with men, in the act of war?

The Two Faces of Women's Military Service

Double talk regarding women's military service is not unique to Israel. In sheer quantitative measures the integration of women into the armed forces has significantly increased over the last three decades.(2) Furthermore, "the status of female military employees, or to put it otherwise, the nature of that which could be labeled the military citizenship of women, has changed considerably (Martin, 1982: 304). Women's responsibilities have been extended and the masculine monopoly has been eroded, if not shattered (Feld, 1978). Yet women are still engaged mostly in auxiliary branches, and their service in the army is generally regarded as an act of tribute rather than an assertion of equality. In Israel, the gap between the "ought" and the "is" is most conspicuous. Israeli law requires compulsory service in the armed forces at the age of eighteen for both males and females. However, the Law of Defense Service (adopted by the Knesset on September 8th, 1949) enabled the exemption of a woman if she were married, pregnant, a mother, or could not serve on grounds of religious way of life. The girl seeking exemption on the basis of the last category was not obliged to bring any evidence confirming her statement. Three years later (on March 6, 1952) an amendment was adopted hinging the release from military duty on religious grounds to approval by a committee. An attempt to reverse this provision was made in 1978, when another amendment was submitted to the Knesset (on March 21th). A short account of the leading actors influencing the process of legislation and its evolvement

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

will highlight the duality of the political circumstances.

The actors can be divided into supporters and opponents of the proposed amendment. Both include political parties and interest groups, institutionalized and less structured alike. Demarcation between support and rejection of the proposed amendment was not identical to the lines dividing the coalition and the opposition. Obviously the amendment was sponsored by most of the coalition parties (which then included all the Orthodox factions) and criticized by all the opposition parties. The bill was denounced by a few noted Likud (ruling party) members, such as Moshe Arens, then chairman of the Knesset Security and Foreign Relations Committee, stating he "will not lend a hand to a process that will bring about wide scale evasion of military service" (Arens, 1978). The Democratic Movement for Change (DMC), another coalition member, also fiercely rejected the proposed amendment. Opposition was first confined to the Knesset arena. A Private Member's Bill was introduced proposing that state institutions would be prohibited from employing women who did not fulfill their military duty, and that universities should not admit them as students (Maariv, June 30, 1978). Two motions of no-confidence were submitted, one by a small leftist party (Sheli) and the other by the Labor Alignment.(3) Two motions of order were presented by Alignment MKs.

Opposition to the amendment rapidly expanded to the extra-parliamentary arena. A group of high school girl students sparked a public campaign to prevent the bill's approval. Demonstrations were staged in the big cities attended by tens of thousands,(4) and petitions signed by a large public were presented to the political leadership (Haaretz, July 4, 1978; Maariv July 6, 1978). A group of women reserve soldiers declared they would "not serve one single day in the reserve if the amendment exempting religious girls from the military is adopted" (Haaretz July 4, 1978). On July 5th, 1978, only six days after the initiation of the protest, an organization had been established — "Shministiot [female twelfth graders] for Mandatory Conscription." A manifesto was distributed demanding the cancellation of the proposed amendment. Similar organizations followed suit (such as Citizens Fighting the Exemption), which were joined by some more institutionalized interest groups, such as the Teacher's Association, women's organizations and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

kibbutz movements. The anti-amendment campaign reached its peak with the threat of some female reserve soldiers to return their reserve cards, that is to declare themselves conscientious objectors (Haaretz July 7, 1978). This type of protest was unusual in Israel. Until the Lebanon war there were very few individuals who expressed their resentment of defense policy by returning or damaging their military documents.(5) Only one reservist partially implemented the threat by refusing to fulfill her duty in the reserve. Her act, however, remained solitary and did not trigger mass action.

The anti-amendment campaign indicated that the Israeli public broadly rejected any violation of sex equality by facilitating an easy way out of the army for girls only. Yet, on June 19th, 1978, the Knesset adopted the Amendment (Number 13) to the Defense Service Law by the majority of 54 coalition MKs against the 45 votes of the opposition and the DMC. According to the Amendment, any girl declaring (in writing) her religiosity or commitment to a religious way of life is to be exempted from military service without further inquiry. The opposition attempted to filibuster the legislation by submitting some 100 reservations but failed to block the bill's approval. The Knesset deliberations were described to be "The most dramatic parliamentary event in the Ninth Knesset" (Maariv, July 20, 1978), reflecting both the current political divisions and more profound ideological dissension. Objection to the law apparently remained widespread. In a survey taken a month after its adoption, an overwhelming majority (71.6%) of the respondents objected to the exemption of girls from military service on religious grounds (Haaretz, August 22, 1978). What, then, brought the campaign to naught? The answer reveals a distinction between the public and the political arenas.

The public movement against exemption failed to expand owing to four reasons: its feminization, partisan nature, conventionalism, and marginality. Firstly, the anti-amendment movement, although not run exclusively by females, was dominated by them. Objection to the proposed amendment was initiated by high school girl students, and only females in the reserve participated in the protests. Among politicans, the feminine role was also predominant. The motions of order, as well as the Alignment's motion of no confidence, were submitted by women MKs (Sheli did not have a woman representative).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Another woman MK (Shulamit Aloni of the Movement for Civil Rights) initiated a petition and was deeply involved in the anti-amendment campaign. The mass protest was headed by three MSs, not surprisingly, females.(6) The protest's heavy feminine accent was a handicap since it narrowed the issue, limiting it to one sector rather than expanding it to the community at large.

Secondly, the public protest did not remain "public," but was encroached upon by parties whose leaders vociferously identified with the protestors. The participants of one demonstration were reportedly concerned with "the meddling of politicians with our affairs" (Haaretz, July 9, 1978). The partisan nature of the anti-amendment movement proved to be detrimental. While the parties anticipated political benefits by adopting a "just" cause, their negative public image impeded fruitful interaction with non-partisan groups. The Israeli public, in 1978, vilified parties and degraded their activities. The partisan image could only hurt the amateurs, who entered the political arena for one purpose only.

Thirdly, the protest movement was reluctant to appear too oppositionary and remained loyal to the mainstream. One protestor conceded: "I am not a pacifist and not a horrid leftist. I think that the army is critical for the state's survival and this is precisely the reason for what I did" (Maariv, September 4, 1978). The opponents' activity was thus confined to the specific target – blocking the modification of the existing law: "We have no interest in toppling the government," noted an objector, "but I want to struggle candidly and not to be immersed in political slogans" (Haaretz, September 7, 1978). "Toppling the government." or defying the legal order, was ruled out as a strategy for influencing defense policy.

Fourth and lastly, the anti-amendment movement, although it created a lot of noise, was in the end only a storm in a teacup. In effect not many people participated in its activities. Admittedly, some demonstrations did attract large crowds, but while many were ready to sign a petition, or occasionally to join a rally, the majority remained silent. At the same time Israel was preoccupied with other pressing issues. The campaign was held during one of the critical phases of the peace negotiations, the Syrians were expanding their influence in Lebanon by attacking the Christian quarters in Beirut, and the Soviet

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

government intensified its persecution of Jewish dissidents. Regulations concerning female conscription to the army rapidly descended to the bottom of the national agenda.

In the political arena the opposition failed to obstruct legislation for the simple reason that it was outnumbered by the members of the ruling coalition. Behind this simplicity, however, lies the complexity of Israeli political life. Since the inception of the state the religious parties have played a pivotal role in the structuring of coalition governments. The almost permanent junior coalition member has been the National Religious Party (NRP). Its inclusion was simply because it makes a convenient partner owing to its moderate demands (Sandler, 1981: 159), but mainly owing to the realization that the only alternative to coalition was Kulturkamp (Don Yehiya, 1975: 260) – a totally undesirable option. In 1978 the utilitarian argument was also impelling. The religious parties had 17 mandates in the Knesset, and their support was critical to the 32 Likud MKs. Hence the Likud, eager to form a government, pledged, in the Basic Principles, to enact the amendment. Furthermore, compromising with the religious parties was a ground rule of Israeli politics. In the words of Ezer Weizman: "All governments were invariably based on compromise over controversial public issues" (Weizman, 1978: 3323). It was Mapai (later to become the Labor party) that conceded to the religious parties in 1949 by adopting the original religious clause in the conscription law. It was its adversary, Herut (the principle member of the Likud), that repeated the concession some three decades later. Despite severe intra-coalition objections (a few MKs threatened to bolt should the Knesset adopt the law), the government had to yield to the minority partner. The opposition, for its part, could hardly reject a proposed legislation for whose enactment it was partly responsible (Margalit, 1978). Furthermore, hoping to regain electoral power and reassume control of government, the Alignment could not have severed its relations with the religious parties. The upshot of these circumstances was the failure of a vociferous opposition to command efficient support to curtail the proposed change. Despite the final outcome, the ambiguity of "feminist defense" was vividly exposed. This ambiguity was also reflected in the armed forces.

Women's position in the armed forces may be evaluated by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

two criteria: the scope of conscription and job performance within the army. While Israel is the only country in the world that has compulsory recruitment for women, conscription is not universal owing to the exemptions noted above. The available data reveal that in 1976/7 some 50% of eligible girls were not recruited; the two major reasons for exemption being "inadequacy" (meaning low educational attainments) (19%), and dedication to a religious way of life (18.5%) (National Committee, 1978: 97). After the amendment the proportion of those released on religious grounds surged to a peak of 30.3% (in 1980). Since 1981, however, a gradual decline has been evident. In 1983 only 25.6% sought refuge from recruitment on religious grounds (Namir, 1985). This decline was reflected in the general size of female military personnel. In 1983 62.3% of eligible girls were conscripted into the army, a rise of 10% from the previous year (Haaretz, February 28, 1985). This trend illustrates the duality of female conscription: The high share of those exempted from service on the one hand, and the diminishing willingness of Israeli girls in general to remain outside the military on the other.

Conclusion

The cross pressures of sentiments, values, political regulations and socio-economic conditions have generated a sense of insecurity and confusion among Israeli women. One way to overcome these difficulties has been to adopt militant foreign policy positions. Hawkishness has enabled women to enjoy the benefits of both worlds: They could espouse "masculinity" by conforming to a typical male pattern of behavior, and at the same time not lose much of their femininity by demonstrating toughness. After all, positions, especially with regard to the administered territories, do not require waging a real war, which is a typical male activity.

Following Janowitz (1976: 189-190), Azaria and Kimmerling (1980) noted that military service acts as a rite of passage to the Israeli society. What this paper claims is that in addition to service in the armed forces, identification with belligerent positions also aids gaining integration into the larger community without paying a heavy price in the form of a lost identity.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FOOTNOTES

(1) A different mood was reflected by a woman who lost her son in the war: "No, ours is not an impotent participation in the process of human history. We bestow things that are as basic as sun and soil. We bestow life itself..." (Zorea, 1974).

(2) In the UK, for example, the proportion of female military personnel increased from 3.8% in 1962 to 5% in 1980. Between 1973 and 1980, the share of women in the American armed forces surged from 2.7% to 8.1% (Martin, 1982: 304).

(3) The Alignment's no-confidence motion was rejected by 72 coalition MKs, against 38 supporting the motion. Sheli's no-confidence motion was supported by only 13 MKs since many Labor members abstained (Haaretz, July 5, 1978).

(4) Demonstrations were reported in Haaretz, July 4, 1978, Yediot Ahronot, July 7, 1978, Maariv, July 9, 1978.

(5) The only famous case of concientious objection was that staged by Giora Newman who refused to serve in the "Army of Occupation" (*Jerusalem Post*, International Edition, July 18-24, 1972).

(6) A woman Likud MK, Geula Cohen, voted for the bill but stated that she was doing so with 'shame, pain and lack of choice." This statement was unprecedently printed, in the tabling of the vote (Minutes of the Knesset, 1978: 2399).

REFERENCES

Arens, Moshe
1978 *Haaretz*, July 2.

Azarya, Victor and Kimmerling Baruch
1980 "New Immigrants in the Israeli Armed Forces," *Armed Forces Society* (Spring): 455-482.

Bar-Yosef, Weiss Rivka and Dorit Padan-Eisenstark
1977 "Role System Under Stress: Sex Roles in War." *Social Problems* 25 (December): 135-145.

Baxter, Sandra and Marjorie Lansing
1980 Women and Politics: The Visible Majority. Ann Arbor, Michigan: University of Michigan Press.

Ben-Gurion, David
1949 *Minutes of the Knesset*. September 5(2).

Benyamini, Kalman
1975 A paper presented at the Annual Convention of the Israeli Psychological Association. *Haifa*, October 1975.

Bettelheim, Bruno
1967 The Children of the Dream. London: Macmillan.

Chilton, Nora
1974 Interview in *Maariv*, January 18.

Don, Yehiya Eliezer
1975 "Religion and Coalition: The National Religious Party and Coalition Formation in Israel," in The Election in Israel — 1973, ed. Asher Arian. Jerusalem: Jerusalem Academic Press.

Duverger, Maurice
1955 The Political Role of Women. Paris, UNESCO.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Evans, Judith
1980 "Women and Politics: A Re-Appraisal." *Political Studies*, 28 (June): 210-221.
Feld, M.D.
1978 "Arms and Women: Some General Considerations." *Armed Forces and Society*, 4 (August): 557-568.
Friedman, Ariel la, Ruth Shift and Dafna Izraeli
1982 The Double Bind: Women in Israel. Tel Aviv, Hakibbutz Hameuchad.
Goot, Murray and Elizabeth Reid
1975 "Women and Voting Studies: Mindless Matrons or Sexist Scientism?" Contemporary Political Sociology, Series no. 06-008 Beverly Hills: Russel Sage.
Hazleton, Lesley
1972 Israeli Women: The Reality Behind the Myths. New York: Simon and Schuster.
Hero, Alfred
1968 "Public Reaction to Government Policy," in Measures of Political Attitudes, ed. John Robinson, Jerrold G. Rusk and Keudrt B. Head. Ann Arbor: Survey Research Center, Institute for Social Research.
Hurewitz, Jacob Coleman
1969 Middle East Politics: The Middle East Dimensions. New York: Praeger.
Janowitz, Maurise
1976 "Military and Citizenship in Western Societies." *Armed Forces and Society*, 2 (Winter): 189-210.
Keinan, Amos
1975 "Artificial Abortion," *Yediot Ahronot*, January 27.
Kirkpatrick, Jeane J.
1974 Political Woman. New York: Basic Books.
LaPalombara, Joseph
1974 Politics Within Nations. Englewood Cliffs, N.J.: Prentice-Hall.
Levin, Yitzhak Meir
1949 *Minutes of the Knesset*, August 29 (2).
Lorenz, Shlomo
1978 "The Great Deceit." *Maariv*, July 4.
Margalit, Dan
1978 "Girls Conscription in a Blind Alley." *Haaretz*, July 11.
Martin, Michel L.
1982 "From Periphery to Center: Women in the French Military," *Armed Forces and Society* 8 (Winter): 303-333.
Meiselman, Moshe
1978 Jewish Women in Jewish Law. New York: Ktav.
Minutes of the Knesset
1978 April 3 (82).
Namir, Ora
1985 "Girls' Military Service: The Evident and the Missing," *Haaretz*, February 26.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

National Committee for Women's Status
1978 Summary and Findings. Jerusalem: The Committee on the Women's Status.
Pomper, Gerald
1975 Voters' Choice: Varieties of American Electoral Behavior. New York: Dodd, Mead.
Rabin, Yitzhak
1975 *Minutes of the Knesset*, February 12 (73).
Randall, Vicky
1982 Women and Politics. London: Macmillan.
Sandler, Shmuel
1981 "The National Religious Party: Towards a New Role in Israel's Political System?" in Public Life in Israel and the Diaspora, eds. San N. Lehman-Wilzig and Bernard Susser. Ramat-Gan: Bar Ilan University Press.
Shaag, Avraham
1949 *Minutes of the Knesset*, Septemr 1 (2).
Sheinman, Pinhas
1978 *Minutes of the Knesset*, April 3 (82).
Shreiner, Olive
1914 Women and War. New York: Frederick A. Stokes.
Statistical Abstract of Israel
1971, Jerusalem: Central Bureau of Statistics.
1979 Jerusalem: Central Bureau of Statistics.
1981 Jerusalem: Central Bureau of Statistics.
1983 Jerusalem: Central Bureau of Statistics.
1984 Jerusalem: Central Bureau of Statistics.
Survey of Income
1982 Jerusalem: Central Bureau of Statistics.
1984 Jerusalem: Central Bureau of Statistics.
Turner, Elizabeth Monk
1982 "Sex and Voting Behavior in the United States of America," *Journal of Social, Political and Economic Studies* 7 (Winter): 369-376.
Weiss, Shevach and Yael Yishai
1980 "Women's Representation in Israeli Political Elites," *Jewish Social Studies*, 17 (Spring): 165-176.
Weizman, Ezer
1978 *Minutes of the Knesset*, July 4 (83).
Yaacobi, Gad
1980 The Government. Tel Aviv: Am Oved and Zmora, Bitan, Modan.
Yishai, Yael
1978 "Women's Political Representation in Israeli Parties," *Megamot* (Spring): 238-251 (Hebrew).
Zorea, Naomi
1974 "Letters to the Daughters of Israel." *Jerusalem Post*, March 11.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STATE SCHOOLS *VERSUS* PARENTAL RIGHTS: THE LEGACY OF LESTER FRANK WARD

By Stephen J. Sniegoski

The prevailing philosophy of education in the United States and Europe is largely centered on the belief that education can and should be used to change the existing social order, in order to "improve" society according to certain preselected principles. Such an idea is not novel, but was fundamental in the establishment of public education in the United States during the 19th century. The most comprehensive presentation of this viewpoint was evinced by the turn-of-the-century American sociologist Lester Frank Ward, who believed that the public educational system could play a pivotal role in bringing about the metamorphosis of American society from individualism to collectivism. Thus, the noted American historian Henry Steele Commager considers Ward to be the "philosophical architect of the welfare state,"(1) and a study of his doctrines serves to highlight many of the substantive issues at stake in the ongoing struggle between supporters of a nationwide, statist system of the education versus the proponents of parental choice in the educational process.

Born in 1841 in Joliet, Illinois, Ward was the youngest of ten children of an itinerant mechanic and a clergyman's daughter. Ward's boyhood and youth were spent in poverty as his family moved from place to place in what was then America's western frontier – Illinois, Wisconsin, Iowa. As a boy, Ward was obliged to work to supplement the family income – on farms, and in mills and factories – to an extent that allowed little time for formal schooling. But Ward had a massive appetite and capacity for self-learning, mastering the fundamentals of biology, physiology, French, German, Latin, and Greek by the time he had reached twenty years of age. With the onset of the Civil War, Ward, a fervent opponent of slavery, enlisted in the Union army in 1862, serving for two years until severe battlefield wounds led to his discharge.(2)

After leaving the military, Ward entered the Federal civil service in Washington, D.C., where he moved through low level posts in various agencies – the Bureau of Statistics, Bureau

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of Standards, Census Bureau, Bureau of Immigration – until in 1881 he became chief paleontologist of the U.S. Geological Survey, remaining there until 1905. In Washington, Ward entered Columbian College (now George Washington University), receiving a B.A. in 1870 and an M.A. in 1872.

Ward also began a career of research and writing in the newly-emerging field of sociology. In 1869 he started his magnum opus, *Dynamic Sociology*, which would be published in 1883. *Psychic Factors in Civilization* came out in 1893, followed by *Outlines of Sociology* (1898), *Pure Sociology* (1903), and *Applied Sociology* (1906).

As a result of these publications, Ward gained international recognition. In Paris in 1903, he was presented with France's highest academic award, the honorary degree of Officer of Public Education. In 1903 he also served as president of the International Institute of Sociology at its Paris meeting and in 1905 he became the first president of the American Sociological Society. That same year Ward resigned from his post in the Federal government to accept the newly-created chair of sociology at Brown University, where he remained until his death in 1913. The course Ward taught at Brown had the ambitious title, "An Outline of All Knowledge."

Widely read in both the natural sciences and social sciences of his age, and strongly influenced by the revolutionary French thinker, Auguste Comte, Ward sought to provide a sociology that would be comprehensive and relevant for social "improvement." American society in the second half of the 19th century was characterized by the rapid growth of business and industry. The intellectual underpinning for this business-oriented society was provided by the philosophy of Social Darwinism, best represented by the Englishman Herbert Spencer and his American disciple, William Graham Summer. Social Darwinism preached the inevitability of social progress through competition. Laissez faire in human society was portrayed as analogous to the struggle for survival in nature. Progress in human society was just as much a result of natural forces as was evolution in nature – and again, like evolution in nature – unplanned. Thus, Social Darwinism totally rejected collectivistic, government-directed reforms, on the grounds that government attempts to direct social progress would be counterproductive, since they would impede human initiative, which expressed itself freely

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in a natural competitive state of society.(3)

Although very much a materialist, Ward believed that the existence of mind made human society radically different from the rest of nature. Ward held that human society did not have to rely on the slow, unplanned effects of natural selection to progress, since, as a collectivistic entity, it could plan for and direct its own progress. Man, in Ward's view, was not merely the subject of natural laws, but the master of his own fate. Fundamental to Ward's thinking was the superiority of purposeful, human-directed, teleological processes over natural ("genetic") processes.

Social progress in Ward's view required collectivistic action by society to achieve its own improvement. Private individuals could only work for their own personal advancement, which in the long run, Ward acknowledged, would result in some social progress. But progress by natural evolution was slow and wasteful, and was largely in terms of technical, academic and scientific achievement (learning, scientific inventions) with little improvement for society as a whole. One of Ward's cardinal contentions was that only minimal social improvement had resulted so far in history from the great advances in science and technology. "The reason why achievement produces so little effect," Ward concluded, "is that it is not appropriated by society."(4) Ward believed that immense social improvement could be achieved if society acted as a collective entity to purposefully direct its own betterment. Ward lauded the government intervention of his age (in which he as a government official participated), and believed that history showed an irreversible trend towards increasingly greater government intervention in social and economic affairs.

While sympathetic to many of the particular statist reforms advocated by the leading movements for social change in his era, Ward gave these his own particular twist. For example, the American Populists of the last two decades of the 19th century believed that if the will of the people could prevail – in contrast to that of the bankers, railroad magnates, and industrial monopolists – social reform would automatically be achieved. Radical socialists claimed that positive social change could be attained only by a revolutionary overturning of the capitalistic economic structure. Ward, in contrast, maintained that neither reform nor revolution was possible in the existing American

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

society because the overwhelming mass of the American people supported the individualistic status quo. This included the lower classes whom he portrayed as being too ignorant to realize that they were being exploited by the existing system. Before attaining social and economic change, Ward emphasized it was first necessary to alter the climate of opinion, "The general conduct of mankind is determined by the *opinions* held, and without changing those opinions it is wholly impossible perceptibly to change such conduct ... Instill progressive principles, no matter how, into the mind, and progressive actions will result." (5)

Ward believed that sufficient knowledge – especially scientific knowledge – already existed, which if put to use would achieve vast social improvement. "What is needed as a guide to action and a condition to progress as well as to happiness is complete possession of truth, absolute *faith* in the laws of nature."(6) Ward believed that the social sciences attained this knowledge of the "laws of nature" just as did the natural sciences. And in acquiring this scientific knowledge it was necessary to jettison all religious and metaphysical thinking.

The reason why this extant scientific knowledge was having so little impact on society, he held, was that it was possessed by only a very few people. Social improvement required that this knowledge be diffused to the masses, whom Ward saw as a great untapped reservoir. Opposing the predominantly hereditarian views of his day, he placed emphasis on environmental influences in determining intelligence. While Sir Francis Galton maintained that as a result of a process of competitive selection the lower classes inevitably tended to be innately inferior intellectually to the upper classes, with resultant limitations on their capacity for intellectual improvement, Ward although admitting to the existence of innate differences in mental capability among individuals and perhaps among races, held that there was no reason to assume any equation between socioeconomic class and intelligence, and that the intellectual superiority of the upper classes was solely the result of the greater opportunities available to them for the acquisition of knowledge.

Knowledge, however, could not be effectively acquired by individual effort alone, Ward held. (This position was ironic, since Ward was himself largely self-taught). For alongside

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

knowledge or "apprehended truth," there was much worthless information and "few intellects can distinguish the chaff from the wheat, at least in youth, where the deepest impressions are made."(7) What was required was formal education – "An artificial system for the assorting of impressions, for causing their systematic presentation, for precluding the introduction of false ones, and the drawing for erroneous inferences, is therefore absolutely necessary to the successful creation of progressive states of the human mind."(8) Formal education, Ward regarded "as a systematic process for the manufacture of correct opinions."(9) And such "Education is the mainspring of all progress. It is the piston of civilization."(10) Ward's emphasis on a formal system of planned education put him at odds with the laissez-faire disciples of Herbert Spencer who stressed the virtues of voluntarism, parental influence and of self-discovery in education – there being no better example of the latter than Ward himself.(11)

For Ward, formal education could not be left in private hands but had to be the "exclusive work of society itself,"(12) which meant, in effect, the central government. Private schools were anathema to Ward because to exist they had to cater to the desires of parents. Schools shaped by the unscientific preferences of parents, he argued, could not possibly harmonize with the true needs of society. In fact, he regarded private education as being worse than no education at all because it acted "to increase the inequality in the existing intelligence."(13) Here we find a clue to Ward's concept of the "improvement" of society – whatever attributes might be embraced by his concept of "improvement," equality was certainly, fundamental.

Only state schools could address society's actual needs and "the result desired by the state is a wholly different one from that desired by parents, guardians, and pupils."(14) Free from attempting to placate the whims of parents, teachers in state schools would have "time to plan true educational work."(15) But the teachers in Ward's proposed state system would be far from free agents since the determination of educational methods would be the duty of the "supreme authority."(16)

Ward held that state schooling should be universal and compulsory. He observed that given the choice, a few parents might be willing to bear the cost of private education rather

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than send their children to free government schools which taught values they could not accept; but Ward regarded that group as "not sufficiently numerous to command respect."(17) Ward, however, was concerned about the large number of "poor and ignorant" parents who would oppose sending their children to public schools because they "know nothing of education or its value."(18) While using the term "compulsory schooling", Ward believed that in his ideal society positive inducements would be sufficient to encourage parents to support the public schools, making actual coercion unnecessary.

Ward stressed that the public schools system should be controlled by the central government, not by states or local authorities as was the case at that time in the United States. This would facilitate the maximum degree of uniformity. While dealing only briefly with the question of the specific content of curriculum (sciences would be emphasized), Ward stressed the importance of a similar curriculum for the whole country, to be determined by national "educational experts." During the early years of school, the curriculum would be the same for everyone. In the later years, the curriculum would be adjusted to the individual student's aptitude, but the students themselves, however, would have no choice in determining their studies. These would be determined solely by teachers, who would rely on scientific aptitude tests when making their decisions. Only at the university level, did Ward allow for some measure of choice by students as to what they would study.

To complete the centralization of education and of all thought processes, Ward not only sought to prohibit private education, but also to establish a central university in the political capital, Washington D.C., where the "truths" of social science would be taught to all who had been selected to undergo such education, and who on successful graduation from this course would be qualified to run the state.

Ward's support for educational uniformity rested not only on his belief in the ability of "educational experts" to determine a curriculum rooted in objective truth (educational alternatives would impart only error), but also flowed inevitably from his desire for equal opportunity for all as a necessary social goal.

The problem with the prevailing nineteenth century educational system, Ward believed, was not only that it provided what he regarded as a deficient education for all, but that

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

it also provided unequal educational opportunities. Wealthier individuals could attain a superior education. Such differences in educational background acted to reinforce existing economic and social inequality. By providing an almost identical educational environment for everyone, Ward thought that his educational system would establish equal opportunity at last for all. Individuals would be able to advance according to their inherent mental capability. In essence, Ward's system would not lead to equality of conditon but to a meritocracy. (The system, of course, actually would define merit). But Ward assumed that the inequalities in this system (reflecting natural inequalities) would be far less than the "artificial" inequalities in his contemporary society. This was quite different from the modern liberal's emphasis on equality of condition, as expressed by the contemporary liberal philosopher, John Rawls who denies that superior innate abilities should entitle superior producers to the wealth that they create, writing, "there is no more reason to permit the distribution of income and wealth to be settled by the distribution of natural assets than by historical and social fortune."(19)

While Ward assumed that the diffusion of extant knowledge among the whole population would lead to greater social progress, he did not believe that progress would cease when optimal diffusion had been achieved. Rather, he assumed that new knowledge would continually come into being at a much faster rate than in the past, since there would be many more educated people capable of discovering new knowledge. Furthermore, Ward held that knowledge acquisition actually increased brain capability. "The truth apprehended acts objectively upon the brain, and effects transformations and permanent alterations of tissue, gradually but slowly building up a better tissue."(20) And following erroneous Lamarckian concepts, Ward believed that such acquired traits would be inherited by future generations.(21) Hence, there would not only be greater knowledge in the future, but people with superior minds capable of learning far more than Ward's contemporaries. Social progress thus would be never-ending.

Central to Ward's thinking was the idea that social science would eventually reveal the basic truths about the nature of human society, and that there were therefore certain ideal, scientifically-determined ways in which society should operate.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Such social truths were totally independent of the will of the people. Simultaneously, however, Ward believed that government and the democratic popular will would be as one. Good reforms could not be imposed on a recalcitrant population. Rather, through proper formal education the people would come to desire the social changes that would be of benefit to society. Formal education in the Western system was the motor force from which all other positive social changes ineluctably would result. Thus social change was not to be violent or revolutionary, but would come about gradually as the peoples' understanding of what was good for society increased. Ward called this evolving system "sociocracy," a word he borrowed from Auguste Comte. Unlike socialism or capitalism, "sociocracy" was a dynamic rather than a static construct, but the movement was in the direction of statist collectivism.(22)

Wardian ideas are widely accepted throughout the Western world today, and are fundamental to any understanding of the contemporary controversy between exponents of compulsory, uniform, state-controlled educational systems as opposed to those who support freedom of choice, both of schools and of curricula, by parents and students. Superficially attractive like most ideal systems, Ward's ideas call for closer scrutiny. Let us examine a few of his contentions.

Critical to the validity of Ward's entire construct is the answer to one basic question: How can anyone be assured that the possessors of genuine scientific truth will be in control of the educational system, rather than the holders of erroneous doctrines? It would seem that Ward's belief rested more on faith than on logic. As John Passmore writes in his *The Perfectibility of Man*, "If men are to be perfected by educators or legislators this can only be by a series of fortunate chances, as a result of which the right sort of men come to power and choose the right successors. There is nothing to guarantee, or even faintly to suggest, that these conditions will be fulfilled."(23)

Furthermore, it is not apparent that the statist collectivism Ward sought would advance the public good or that the social scientists have yet determined – or are capable of determining – what the public good might be. Ward assumed that scientific knowledge could be used to direct society. Yet, science provides no information as to what people ought to desire, nor what they will, in fact, desire at a future date. In essence, as Ludwig

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

von Mises originally pointed out, socialism (statist collectivism) cannot solve the question of calculation.(24) Economic goods (and political values as well) do not have any intrinsic value to be discovered by science.(25)

As Ward himself acknowledged, his sociological views largely derived from his own personal experiences.(26) Coming from a background of poverty, Ward had been unable to attain a formal education. If educational opportunities had been provided to all, Ward believed that he could have been a far greater success at a much earlier age. And as government offical, it was natural for Ward to believe that government was a beneficial agent. But Ward neglected to realize that it might also have been his freedom from the shackles of formal schooling that enabled him to develop his independent thirst for knowledge. It would seem unlikely that the Wardian "sociocracy" would produce many individuals of the calibre of Lester Frank Ward, who thrived and improved himself in the prevailing nineteenth century system of freedom and private enterprise, — not in a society controlled system that would have deprived him of any role in his own educational progress. In short, Ward achieved considerable success in a non-directed society. Was it reasonable to have thought that he would have done even better in a controlled order? Ward assumed that government would reward merit; but in point of fact, government rarely rewards bureaucrats who show the capacity for independent thought.

Although his writings never became well-known among the general public, Ward's ideas exerted considerable influence in sociological and educational circles. During his long residence in Washington, Ward became a close friend of William Torre Harris, the U.S. Commissioner of Education from 1889 to 1906. At the turn of the century, Harris was regarded not only as America's foremost educator, but also its leading philosopher. Although espousing Hegelian philosophy and conservative economic views, Harris' belief in the sociological foundations of education revealed the impact of Ward's ideas.(27) At Harris' request, Ward prepared a section on the *Annual Report of the Commissioner of Education, 1899-1900* on sociology, especially focusing on the sociological presentations at the Paris Exposition of 1900 which Ward attended.(28)

Ward's ideas probably gained their greatest circulation through the work of Albion W. Small, who was a dominant

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

figure in American sociology in the early decades of the 20th century. Small, who was a personal friend of Ward's, was highly influenced by the latter's thinking, remarking that "I would have rather written *Dynamic Sociology* than any book that ever appeared in America."(29) As the head of the first department of sociology in the United States at the University of Chicago, where he remained from 1892 until his death in 1926, Small played a leading role in training a whole generation of sociologists, who staffed the newly created sociology departments in universities throughout the United States. As late as 1930, the University of Chicago had granted as many Ph.D.s in sociology as all other American universities combined. Furthermore, Small published the first introductory textbook in sociology in 1894 and edited the *American Journal of Sociology*, the official journal of the American Sociological Society.(30)

The imprint of Wardian thinking was clearly evident in Progressive education, which came to dominate American education during the 20th century. As John Dewey (who had previously authored a favorable review of Ward's *The Psychic Factors of Civilization*) stated in 1897, "education is the fundamental method of social progress and reform" and that "the teacher is engaged not simply in the training of individuals, but in the formation of proper social life."(31)

Ward had a more direct impact on Charles Van Hise, the president of the University of Wisconsin from 1903 to 1918. As a member of the U.S. Geological Survey from 1883 to 1903 Van Hise had become personally acquainted with Ward. Under Van Hise the University of Wisconsin assumed a pivotal role in the reformist action of that state, which was considered to be a model for the Progressive movement. Acting on Ward's faith in the diffusion of knowledge, Van Hise established extension services and correspondence courses, placing particular emphasis on the social sciences, which Van Hise stressed would be a service to the state, and many of the University's graduates found positions in the state government. As one recent historian has written, "Van Hise's practical demonstration of the social reform potential of state education confirmed the possibilities of Ward's theoretical position."(32)

The main thrust of Ward's thinking still serves as a foundation for the liberal philosophies of contemporary educationists, though with certain significant modifications. While Ward

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

believed that Western science was committed to objective truth, the dominant trend of modern liberalism tends toward cultural relativism. Nor was Ward attuned to the Rousseauian child-centered notion of progressive education. Children were to be required to adapt to his knowledge-oriented educational system; his system was not intended to adapt to the whims of children. Possibly in this respect the educational systems of the Communist-controlled countries of eastern Europe correspond more closely to Ward's ideas, even to the extent that they assume that once the people are properly 'educated' they will accept the state-controlled system with its ideals and doctrines freely and without question or objection. However, Ward's goal was to establish equality of opportunity (as he saw it), while modern Western liberalism generally aspires to equality of condition. Most contemporary liberal educationists are still at one with Ward in the desire to promote state control over education, to limit private alternatives to the state schools, and to insist upon compulsory education of all children in the state school system. In such programs as values clarification, global education, and nuclear war education, the objective seems to be the fostering of views that run counter to those held by the majority of the American people. It is these Wardian educational tendencies that have brought about a strong reaction by parents, as evidenced by the increasing use of private schools and the demand for greater parental influence in the public schools, tuition tax credits and education vouchers that would have the Federal and state governments actually fostering the choice of private education. The present demand for greater parental influence by people over the education of their children is a clear revolt against the concept of total state-control over the education of each generation as envisaged and advocated by Lester Ward and those who follow in his tradition.

FOOTNOTES

(1) Henry Steele Commager, ed., *Lester Ward and the Welfare State* (Indianapolis: Bobbs-Merrill Company, Inc., 1967), p. xxxviii. Commager is a strong advocate of the liberal welfare state, but a similar view of Wards's influence is held by the noted conservative anti-collectivist scholar, George C. Roche, who currently is Chairman of the National Council of Educational Research of the U.S. Department of Education. Roche writes: "Lester Ward is one of the patron saints of the modern American collective idea." George Charles Roche III, *The Bewildered Society* (New Rochelle, New York: Arlington House, 1972), p. 150.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(2) For biographical information on Ward see: Clifford H. Scott, *Lester Frank Ward* (Boston: Twayne Publishers, 1976), pp. 13-41.

(3) For a discussion of Social Darwinism see: Richard Hofstadter, *Social Darwinism in American Thought*, Revised Edition (New York: George Braziller, Inc., 1959).

(4) Lester F. Ward, *Applied Sociology: A Treatise on the Conscious Improvement of Society by Society* (Boston: Ginn & Company, 1906), p. 276.

(5) Lester F. Ward, *Dynamic Sociology: Or Applied Social Science*, Second Edition, Vol. II (New York: D. Appleton and Company, 1898), p. 547.

(6) Ward, *Applied Sociology*, p. 86.

(7) Ward, *Dynamic Sociology*, p. 549.

(8) Ibid., p. 547.

(9) Ibid., p. 548.

(10) Lester F. Ward, "Unpublished Manuscript on Education," p. 311 quoted in Elsa Peverly Kimball, *Sociology and Education: An Analysis of the Theories of Spencer and Ward* (New York: Columbia University Press, 1932), 0. 216.

(11) Kimball, pp. 76-124.

(12) Ward, *Dynamic Sociology*, p. 571.

(13) Ibid., p. 588.

(14) Ibid., p. 590.

(15) Ibid., p. 510.

(16) Ibid., p. 591.

(17) Ibid., p. 609.

(18) Ibid., p. 609.

(19) John Rawls, *A Theory of Justice* (Cambridge, Massachusetts: Belknap Press of Harvard University, 1971), pp. 72-73.

(20) Ward, *Dynamic Sociology*, p. 551.

(21) Ward's Lamarckianism would seem to conflict with his belief that the upper class was not inherently mentally superior to the lower class. For if people did inherit acquired traits, children of educated parents would be innately more intelligent than the offspring of the uneducated. Lamarckian views were prevalent among social scientists of the late 19th and early 20th centuries. See: George W. Stockton, Jr., *Race, Culture and Evolution: Essays in the History of Anthropology* (New York: The Free Press, 1968), pp. 234-270.

(22) Like Karl Marx, Ward viewed the state as a vehicle of coercion and expected mankind to ultimately evolve into a stateless condition when it had become totally socialized. But in the present age, government, with its coercive aspects, reflected the interests of society. This view is emphasized by James Ernest Fleming, "Political and Economic Radicalism in the Theories of Lester Frank Ward." (Unpublished Ph.D. Dissertation, University of North Carolina, 1946); Fleming, "The Role of Government in a Free Society: The Conception of Lester Frank Ward," *Social Forces*, 24: 3 (March 1946), pp. 257-266.

(23) John Passmore, *The Perfectibility of Man* (New York: Charles Scribner's Sons, 1970), p. 145.

(24) Ludwig von Mises, *Human Action: A Treatise on Economics*, New Revised Edition (New Haven, Connecticut: Yale University Press, 1963), pp. 698-715.

(25) The term is Friedrich Hayek's. See: Chiaki Nishiyama and Kurt R. Leube, eds., *The Essence of Hayek* (Stanford, California: Hoover Institution Press, 1984), pp. 259-264.

(26) This is the thesis of Edward F. Shaughnessy, Jr., "Lester Frank Ward: The Development of an Educational Theory," (Unpublished Ph.D. Dissertation, Boston College, 1971).

(27) Kimball, p. 168; Scott, pp. 62-63.

(28) Kimball, p. 168.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(29) Quoted in Lawrence A. Cremin, *The Transformation of the School: Progressivism in American Education, 1876-1957* (New York: Vantage Books, 1961), p. 98.

(30) Nicholas S. Timasheff and George A. Theodorson, *Sociological Theory: Its Nature* and George A. Theodorson, *Sociological Theory: Its Nature and Growth, 4th Edition* (New York: Random House, 1976), pp. 70-72.

(31) Quoted in Cremin, p. 100.

(32) Scott, p. 64.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Evolution of Human Intelligence

an argument in series

Seymour W. Itzkoff Smith College

I. THE FORM OF MAN

The Evolutionary Origins of Human Intelligence December 1983

336 pp. 23 illustrations 8 pp. photographs $18 ISBN: 0-913993-00-X

Scientists, on The Form of Man

The Form of Man gives strong support for the existence of the unitary factor of general intelligence, the development of which and the need for which, Itzkoff so aptly illustrates.

Hans J. Eysenck, University of London
author of *The Structure and Measurement of Intelligence*

Enjoyable reading . . . . well written and informative. *The Form of Man* fills a real need in this field.

Arthur R. Jensen, University of California, Berkeley
author of *Bias in Mental Testing*

The Form of Man is stimulating. Itzkoff has read widely and thought deeply . . . . my thinking is in many respects remarkably similar to his.

Ernst Mayr, Harvard University
author of *The Growth of Biological Thought*

Itzkoff has done a fine and very credible job . . . . one of the more important books on the human dilemma.

Eric Pianka, University of Texas, Austin
author of *Evolutionary Ecology*

The Form of Man is a lucid and eclectic account of the human evolutionary story.

David Pilbeam, Harvard University
author of *The Ascent of Man*

Admires Itzkoff's scholarship, judgment in topic selection, and thorough coverage . . . . well written and researched.

Edward O. Wilson, Harvard University
author of *Sociobiology*

II. TRIUMPH OF THE INTELLIGENT

The Creation of *Homo sapiens sapiens* February 1985

app. 215 pp. 5 diagrams 8 pp. photographs $16 ISBN: 0-913993-01-8

Order Through Your Bookseller, Library or Directly From:

Paideia Publishers
P.O. Box 343
Ashfield, MA 01330

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

MAHATMA GANDHI AND KARL MARX: *RAMARAJYA* AND THE STATELESS SOCIETY

By Dipendra Sinha

Just as Karl Marx may be portrayed as a prophet whose teachings won widespread support among those who helped create the Revolution which overthrew the Russian Czars, so the teachings of Mahatma Gandhi, who was also seen as a social prophet, provided ideological inspiration for millions who participated in the resistance movement against the British Raj in India. While obviously there are differences between the two, there are also many striking parallels between the social visions which each offered. Thus, according to Gandhi, the ideal society was the *ramarajya*, the kingdom of God, while according to Marx, the final and ultimate state of society was a condition in which the state ceased to exist, or "withered away.' There are certain very basic similarities between these two concepts, and I would like to take this opportunity to compare the two.

It must be recognized at the outset that a considerable literature exists on the subject of a stateless society, not only because Marx adopted this concept as a goal, but because Hegel, Lenin and others have also given their interpretations of the notion of a stateless society. The situation with regard to Gandhi's *ramarajya* is a little different. Gandhi's ideas of *ramarajya* are scattered in his various speeches, writings and interviews. Pulling all the strands of his thought together turns out to be a rather difficult task.

Ramarajya, according to Gandhi, meant sovereignty of the people based on pure moral authority.(1) As he explained in 1939, "*Ramarajya* means renunciation all along the line. It means discipline imposed by the people." The same type of 'dictatorship of the proletariat' society is envisaged by Marx. To quote from *The Communist Manifesto*, "When, in the course of development, class distinctions have disappeared and all production has been concentrated in the hands of a vast association of the whole nation, the public power will lose its political character. Political power, properly so-called, is merely organized power of one class for oppressing another....If by means of a revolution, it (the proletariat) makes itself the ruling class and as such, sweeps away by force the old conditions of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

production, then it will, along with these conditions, have swept away the conditions for the existence of class antagonisms and of classes generally, and will thereby have abolished its own supremacy as a class."(2) A stateless society, according to Marx, is characterized by the slogan, "From each according to his ability and to each according to his needs." Gandhi's *ramarajya* combined people's disciplined sovereignty and moral authority with socialism.

It is clear that Gandhi's concept of *ramarajya* is inconsistent with economic inequality. Thus, he declared in 1947, "The basis for socialism is economic equality. There can be no *ramarajya* in the present state of iniquitous inequalities in which a few roll in riches, while the masses do not get enough to eat."(3) But *ramarajya* is not confined to economic freedom. To quote him, "Independence of my dream means *ramarajya*, that is the kingdom of God, on earth.... In concrete terms, then, the independence should be political, economic and moral."(4)

Marx too believed that the stateless society would become a reality only as a last stage in the evolutionary process. Gandhi also asserted that *ramarajya* would not be achieved quickly. It is inherent in his social philosophy that this goal is a process of slow growth.

If Marx's stateless, communistic society is examined, five characteristics stand out. Let us now examine these characteristics in detail.

First, in a stateless society there will be no need for a government. Anarchy will prevail. Society will be a vast association for production and all work will be performed voluntarily as a matter of habit. Bookkeeping and control will be unnecessary. Only counting houses and statistical bureaus might exist in such a society.

"The principal work of administering will be done in various counting-houses and statistical bureaus. From these places the whole field of production will be surveyed, and the quantity of goods will be ascertained. It will also be learned where the number of workers should be increased and where decreased, and how long their working day should be.... There will be no necessity for having Ministers for special departments and no need for policemen, prisons, laws, etc. As in an orchestra, all the performers take their cue from the conductor, so all mem-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bers of society will read instructions of the bureaus and arrange their work accordingly.... In the bureaus there will be one set of workers today and another set tomorrow."(5)

The second feature of the stateless society is the absence of class distinctions. As Bukharin and Preobraschensky put it, "In the communist society there will be no land owners, no capitalists, no wage workers; there will be no classes, no class war, no class organizations."(6)

The third characteristic of the stateless society is the absence of division of labor. Engels, for example, believed that division of labor causes people to be divided into classes. Engels notes, "....On the one hand, no single individual will be able to shift his share in productive labor, in providing the essentials of human existence, upon another, and on the other hand productive labor instead of being a means of slavery will be a means towards human freedom, in that it offers an opportunity to everyone to develop his full powers, physical and intellectual, in every direction and to exercise them so that it makes a pleasure out of a burden."(7)

Thus, absence of any division of labor will lead to the all-round development of human beings. Under such a system, manual labor will not be distinguished from intellectual labor.

Marx and Engels thought that when division of labor did not exist, the distinction between town and country would not exist either. To quote Engels, "The abolition of antagonism between town and country is not only possible, it has become an absolute necessity for industrial production itself. It has also become a necessity for agricultural production, and is, above all, essential to the maintenance of public health. Only through the amalgamation of city and country can the present poisoning of air, water and localities, be put to an end and the waste of the cities be used for the cultivation of vegetation rather than the spreading of diseases."(8)

The fourth characteristic of such a society is the abundance of wealth. Marx believed that "From each according to his ability, to each according to his needs" can be achieved "when, with the development of all the faculties of the individual, the productive forces have correspondingly increased and all the springs of social wealth flow more abundantly."(9) As Bukharin and Preobraschensky explain, the abundance would be due to three basic reasons, "First, a great mass of human energy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

will be set free which was formerly consumed in the class struggle.... Second, the energy and wealth which are used up and destroyed in competition, crises and wars, will be devoted to social purposes....Third, organization not only prevents waste; it also makes possible the improvement of technical production."(10)

The last characteristic of the stateless society is that a change in human nature will take place. There will be no more conflicts and all interests will be harmonized.

Let us now turn to the essential feature of Gandhi's *ramarajya*.

Basic to his idea of *ramarajya* is his concept of *panchayat* (committee) *raj* — a kind of cooperative commonwealth of reformed and reconstructed village communities. In 1942, he propounded the doctrine that "power resides in the people."(11) He believed that power should be diffused and distributed among 700,000 villages in India. This was a means of setting in motion the democratic process at the "grass roots" level.

The villages of a decentralized India visualized by Gandhi would be "....independent of its neighbors for its own vital wants, and yet interdependent for many others in which dependence is a necessity. Thus, every village's first concern will be to grow its own food crops and cotton for its clothes. It should have a reserve for its cattle, recreation and playground for adults and children. Then, if there is more land available, it will grow useful money crops. The village will maintain a village theatre, school and public hall. It will have its own water-works, ensuring clean water supply. Education will be compulsory up to the final basic course."(12)

Such self-sufficiency as envisaged by Gandhi would naturally preclude widespread specialization and division of labor. Thus, Marx and Gandhi have almost similar views here.

In Gandhi's opinion, a non-violent society meant a non-exploitative egalitarian society.

Gandhi subscribed to what a Russian philosopher named T.M. Bondaref has called "bread labor." Thus, he said, "If all labored for their bread and no more, then there would be enough food and enough leisure for all....Such labor would be the highest form of sacrifice. Men will no doubt do many other things through their bodies or through their minds, but

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

all this will be labor of love, for the common good....May not men earn their bread by intellectual labor? No. The needs of the body must be supplied by the body. Mere mental and intellectual labor is for the soul and is its own satisfaction. It should never demand payment."(13)

Thus, Gandhi like Marx glorified the dignity of human labor. In this regard, he went a step further by observing that only human labor can demand compensation.

Gandhi believed that one of the reasons for India's economic problems stemmed from the contrast between town and country. As we saw earlier, Marx was also concerned with this problem. Gandhi emphasized the gulf of differences that existed between "two Indias." The bulk of the poverty-stricken classes live in India's countryside or in city slums into which they have been pushed from the countryside – marginal peasants, landless laborers, unemployed workers. His *ramarajya* will be characterized by what he has called the "*khadi* (handwoven cloth) mentality." This would put an end to the exploitation of the villages.

"That means a reversal of the existing process. Instead of half a dozen cities of India and Britain built on the exploitation and ruin of 700,000 villages, the latter will be largely self-contained, and will voluntarily serve India and even the outside world. The khadi mentality means the decentralization of the production and distribution of the necessities of life....Every village is to produce and use all its necessities and, in addition, to produce a certain percentage of its contribution to the requirements of the cities."(14)

The theory of trusteeship is a cornerstone in Gandhi's scheme of things. Gandhi was influenced by Ruskin here. Gandhi argued that the wealthy people would act as trustees of assets to be used for the welfare of all. He preferred this kind of arrangement over state ownership because he thought that the state represented violence in concentrated and organized form. This doctrine of trusteeship is essential to Gandhi's philosophical anarchism.

This theory came to be criticized on the ground that he could not count on a change of heart among capitalists without changing the structure of society. The culmination of his thinking on the subject was provided by a theory of trusteeship drawn by Shirman Narayan and amended and approved by

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Gandhi. The theory runs as follows:

1) Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism but gives the present owning class a chance of reforming itself. It is based on the faith that human nature is pliable.

2) It does not recognize any right of private ownership of property, except so far as it may be permitted by society for its own welfare.

3) It does not exclude legislative regulation of the ownership and use of wealth.

4) Thus, under state-regulated trusteeship, an individual will not be free to hold or use his wealth for selfish satisfaction or in disregard of the interest of society.

5) Just as it is proposed to fix a decent minimum wage, even so a limit should be fixed for the maximum income that could be allowed to any person in society. The difference between such minimum and maximum incomes should be reasonable and equitable from time to time so much so that the tendency would be towards obliteration of the difference."(15)

Thus, like Marx, Gandhi also presumed that a change of human nature would take place.

Conclusions

Many who know little about Mahatma Gandhi and his philosophy, which so strongly influenced the Indian independence movement, assume that he was just another libertarian. Scholars who know more about Gandhi and India have often taken pains to distinguish between Gandhism and Marxism, and differences obviously do exist.(16) But, despite certain differences, the ideal societies sketched by the two philosophers are strikingly similar. Like Marx, Gandhi heavily emphasized the ideal of social and economic equality, and at all times attacked social injustice, which he proposed to eliminate.

Gandhi himself many times spoke in favor of socialism and communism. Thus, he said, "I claim to be a foremost communist, although I make use of cars and other facilities offered to me by the rich. They have no hold on me and I can shed them at a moment's notice, if the interests of the masses demand it."(17)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

FOOTNOTES

(1) Ganguly, B.N., *Gandhi's Social Philosophy* (New York: John Wiley & Sons, 1973), p. 174.
(2) Marx, Karl and Engels, Friedrich, *The Communist Manifesto*, translated by Samuel Moore (Chicago: Charles H. Kerr & Co., 1915), p. 42.
(3) Ganguly, B.N. op. cit., p. 175.
(4) Tendulkar, D.G., *Mahatma* (Delhi: Government of India Press, 1962), pp. 104-05.
(5) Burkharin, N. and Preobraschensky, E., *ABC of Communism*, translated by P. Lavin (Detroit: The Marxian Educational Society, 1921), p. 59.
(6) Burkharin, N. and Preobraschensky, op. cit., p. 59.
(7) Engels, Friedrich, *Landmarks of Scientific Sociaism*, translated by A. Lewis (Chicago: Charles H. Kerr & Co., 1907), pp. 240-41.
(8) Engels, Friedrich, op. cit., pp. 243-44.
(9) Marx, Karl, *Poverty of Philosophy*, translated by H. Quelch (Chicago: Charles H. Kerr & Co., undated), p. 126.
(10) Burkharin, N. and Preobraschensky, E., op. cit., p. 61.
(11) Ganguly, B.N., op. cit., p. 176.
(12) *Harijan* (a journal edited by M.K. Gandhi), January 1937.
(13) Ganguly, B.N., op. cit., pp. 152-53.
(14) *Harijan,* February, 1941.
(15) *Yojana* (October 5, 1969), 0p. 3-4.
(16) See, for example, Mashruwala, K.G., *Gandhi and Marx* (Ahmedabad: Navjivan Publishing House, 1966).
(17) Fischer, Louis, *The Life of Mahatma Gandhi* (London: Harper & Row, 1951), pp. 520-21.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

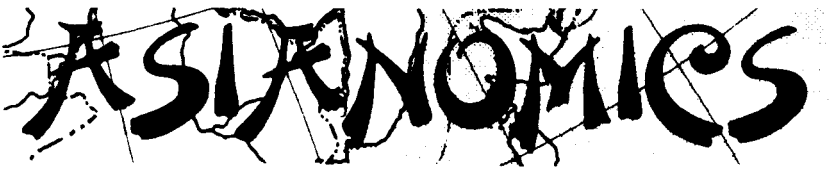
DO YOU KNOW -- AND CARE -- WHAT IS HAPPENING IN NORTHEAST ASIA

AND HOW THIS COULD AFFECT WORLD PEACE AND ECONOMIC SECURITY?

Do you know the answers to these questions?

What was the condition of Northeast Asia at the end of the Second World War? What role did Communist China assume in developments in this region? What was the significance of the USA and USSR roles? What were the "two economic models"? How did supply-side economics benefit Japan, South Korea, and the Republic of China on Taiwan? What are the economic conditions on Mainland China and in North Korea? What has been the effect of the Vietnam War and post-Vietnam syndrome? What are the strategic consequences of a U.S. withdrawal from that region?

NOW WE OFFER
A CONCISE AND THOROUGH BOOK WHICH GIVES YOU THE ANSWERS



CHALLENGE AND CHANGE IN NORTHEAST ASIA

By Dr. Donald J. Senese

The author is a former Associate Professor of history who has taught the history of China, Japan and Korea. A traveller and writer on Asian events, he is a member of the Intercollegiate Studies Institute, University Professor for Academic Order, the American Council for Free Asia, the Japan-America Society and the Conservative Historians' Forum. His book MODERNIZING THE CHINESE DRAGON received a book recognition award from the Freedoms Foundation, Valley Forge, Pennsylvania.

INTRODUCTION BY REPRESENTATIVE JACK F. KEMP

in which the Congressman discusses how supply-side economics worked for Japan South Korea and the Republic of China

MAKE YOURSELF KNOWLEDGEABLE REGARDING ONE OF THE MOST DYNAMIC AND EXPLOSIVE REGIONS OF THE WORLD TODAY

Order Your Copy Now

The Council for Social, Political and Economic Studies
1133 13th Street, N.W., Suite Comm-2
Washington, D.C. 20005

Price: $10 (Postage Free)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

PLAYING THE SOCIAL SCIENCE CARD: A NEW OPTION FOR NON-ACTIVIST ATTORNEYS?

By Ralph Scott

One of the most emotional and important issues in the United States of America over the past few decades has been the debate over court orders requiring the 'busing' of school children to achieve ad hoc ratios of black and white children in public schools around the nation. Under such court orders, children are transferred regardless of their wishes or the wishes of their parents, to schools in other neighborhoods in which the pupils are predominantly of a different race, in order to achieve a predetermined racial mix. The court justification for such orders generally rests heavily on opinions expressed by social scientists to the effect that black students will be able to learn better if placed in classes containing a substantial number of white children.

Recently I received a letter from a seasoned attorney, who seeks to avert forced busing in a major U.S. metropolitan area. He and I had previously sifted fact from fiction, with respect to desegregatory effects, and in his letter requesting additional information concerning the psychoeducational impact of busing on schoolchildren he writes: "As you know so well, the experts for the other side have a great tendency to be expansive and somewhat loose in their testimony."

Yes, I know that well. On various issues, the psychoeducational testimony has indeed been imbalanced. Within the courts, that imbalance has occured on such diverse topics as bilingual education, classroom quotas for gifted or retarded students, educational equity, forced busing, and fairness of tests. In this paper, I briefly review historical evidence of academic bias indicators that this bias has contributed to erroneous judicial conclusions which have caused a backlash with some judges and, finally, summarized how these developments create conditions whereby non-activist attorneys can effectively play the Social Science card, which in the past has invariably been used against them. The issues are complex and this paper focuses on a single question, one that has been, and is, central to a number of judicial rulings: How does busing affect minority learning?

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Bias in Academia and in the Bureaucracy

Only through an examination of bias in academia is it possible to comprehend public and judicial understanding of desegregatory effects. It is widely assumed that social scientists are impartial and objective. In reality, this is simply untrue. Carol Weiss, drawing data from a Carnegie-funded study of attitudes within universities, surveyed 60,000 faculty members. Her conclusion: the overwhelming majority of social scientists seek to promote social change.(1) In an extension of Weiss' work, Eleanor Wolf studied expert testimony on desegregation and concluded that the academic community – by testimony on desegregation, by informal aid and consultation, or simply through refusal to aid defendants – has become the major reason why judges have ordered busing.(2)

Wolf suggests that objective court testimony, had it been presented, would have significantly reduced the scope and frequency of desegregation orders. But courts have rarely been given unvarnished desegregatory testimony, and Dr. James Coleman can explain why. In the 1960s, the U.S. Department of Health, Education and Welfare picked Coleman to appraise schooling effects.(3) His report turned up no evidence whatsoever that racial balancing of schools enhanced minority learning.(4) This was too big a surprise for even Coleman. He remained within academic respectability by inaccurately interpreting his own facts.(5)

Coleman has now done a turnabout, and said "The assumption that integration would improve achievement of lower class black children has now been shown to be fiction."(6) Coleman's reversal has evoked angry protests. Prominent academicians have urged social scientists to censure or to ignore him.(7) Nathanial R. Jones, NAACP General Counsel prior to being elevated to a Sixth Circuit Court of Appeals federal judgeship, was quoted by the *Detroit Free Press* as stating "Dr. James Coleman is a fraud...thoroughly repudiated by his colleagues." The media have distorted Coleman's position, characterizing him as "against desegregation" (with desegregation apparently defined as "forced busing") and "in favor of segregation." Coleman's voice is now all but stilled. He refuses to testify in desegregation cases.

The quality of testimony provided courts suffers when old

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

hands like Coleman are intimidated; it additionally suffers when editorial policies of credible professional publishing firms and journals exclude certain perspectives. Under such conditions, professors are discouraged from honestly reporting their research findings.

There are five major and interrelated reasons why editorial bias dissuades social scientists from objectifying desegregatory effects 1) mainstream professional editors prefer articles which favor desegregation, and which cite evidence that busing appears to be working 2) publishing is a main artery to professional advancement; ambitious social scientists don't want to spend time writing material that won't be published 3) published books or articles produce greater public awareness, and public acceptance, of new positions; without credible publication, it is difficult for ideas (and their creators) to be included in the public forum. It follows that aspiring academicians are tempted to write on themes which conform with editorial bias 4) publications enable a professor to gain influence which can be exerted within the professions; "published" scholars are in a position to influence professional organizations; those organizations have invariably lined up political support for busing(8) and 5) influential publications can be persuasively used in courts of law.

Few attorneys or judges realize the extent to which busing is viewed as a "moral" issue within social science. And once an issue is moralized, inquiry stops. Coercion begins. Consider one example, which only illustrates how information about desegregatory effects can be restricted.

In 1982, a professor concluded an extensive investigation into the linkage between desegregation and black learning. The data revealed that busing fails to boost black learning. He submitted the article to one of the nation's leading influential journals. Eighteen months later, the journal's editor replied "....We concluded that your article is not appropriate. We would grant that academic achievement is important, but feel that at bottom the effort to desegregate the schools was based upon moral rather than academic considerations: those moral considerations seem not to have been mentioned. Those (including myself) who were ardent supporters of desegregation also thought in terms of other plausible benefits: altered life styles, increased incomes, better interracial understanding. None of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

these, of course, is strongly reflected in achievement scores."(9) This editor begs the question. A number of court cases have been predicated on the assumption that blacks would more effectively learn if they attended schools which were racially balanced. Hundreds of professional books and articles have been published, attesting to an alleged desegregation-black achievement linkage. It is impossible, of course, to ascertain the rejection rate of articles which demonstrated that busing did not enhance black learning.

If journals screen out certain views, and if professors are, in effect, coerced into conformity, then where do judges turn for objective appraisals of desegregatory effects? Presumably, the most objective source is the National Institute of Education (NIE), research arm of the Department of Education. But this agency has had trouble steering a straight course. Part of the problem lies with NIE reviewers who approach their task with bias: recently a proposal which sought to appraise long-term effects of desegregation was turned down. The NIE reviewer declared that such effects should not be studied. The Constitution, the reviewer declared, insists that schools be racially balanced.(10) However, the NIE has awarded dozens of grants to researchers who have concluded that busing improves minority learning.(11)

Fortunately, NIE activities are not limited to approval of academic reviewers. Some NIE projects are centered within the agency. But valid research efforts are thwarted even when this is the case. Thus in 1982 the agency appointed a blue ribbon panel to study the busing-black achievement relationship.(12) But the findings were squelched. The story reads like something out of the Soviet Union.

To invite objectivity, the agency insisted that the panel be comprised of experts who represented various perspectives. With equity of bias controlled, the seven best-informed experts were selected. Moreover, the panelists were required to concur to examine the same set of studies, and then to appraise, in depth, raw statistics upon which conclusions of each study had been based.

In July 1982, the panel gathered to select studies which met the necessary criteria. Initially 157 studies, considered the most prominent in the professional literature, were examined. Of these, only 18 (later expanded to 19) met even the crude

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

inclusion requirements. The panel concluded, as Wortman noted, "...All of the individual studies have serious flaws ..."(13) This, obviously reflects the overall quality of desegregatory research. The panel noted that the winnowing process (from 157 to 19 studies) revealed that poorer quality studies invariably contained greater bias in favor of the view that desegregation enhances the black learning position. On the other hand, pro-busing bias was observed less frequently in the better designed studies; thus appears another index of prejudice within academia.

In December 1982, the NIE sponsored a panel discussion on the subject of desegregation (14). It was announced that the panelists' findings would be published in a monograph. As the session concluded, some federal officials expressed concern regarding the effect of the planned monograph, since the panels findings had not been supportive of desegregation. Some bureaucrats were angry and upset, and expressed apprehension that the NIE findings might "work their way into policy channels." One finding drew particularly intense fire: the panel was unable to identify a single longitudinal study which demonstrated that either voluntary or mandated desegregation significantly produced higher black learning profiles. More troubling still was evidence that mandated busing was lined with a decline in black learning.

In September 1983, NIE officials made four moves which assured obscurity for the panel findings. The agency 1) prematurely concluded the project 2) elected not to publish the monograph 3) broke its contract with the academic advisor who was credited with initiating the study and 4) terminated the NIE employee who had publicly stated that the panel "...had neither cleared up nor set-to-rest the central question" as to whether desegregation does facilitate black learning.

Courts: Victims of Inadequate Information?

The 1982-1983 NIE study is only the latest federally-funded examination into desegregatory effects which has been scotched for political reasons. Similar investigations, some as early as the mid-1960s, have demonstrated that desegregation fails to foster longitudinal black achievement gains.(15) But news of actual desegregatory effects is slow in reaching judicial circles. Thus Judge Julius L. Chambers has asserted that social scientists agree

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that achievement gains will accrue from desegregation.(16) In the landmark *Swann* ruling, Judge McMillan concluded "...there is uncontradicted testimony..." that blacks will learn better in racially balanced schools.(17) In *Milliken*, experts on both sides agreed that racial balancing would upgrade minority learning.(18) In 1983, litigation experts – who should know better by now – testified that racial balancing would dramatically boost black learning.(19)

Beyond Bias: The Quest for Objectivity

What, then, is the bottom line? Are judicial rulings to be divorced from research? Are remedies to be ordered, even when they are neither wanted nor helpful? For attorneys who wish to play the Social Science card, the outlook is decidedly bullish. There are five basic reasons for this optimism.

1. Existing longitudinal data on desegregatory effects eases the task of succinctly describing what busing does to students, to school personnel, to parents, to schools, and to communities. Equally important, claims of plaintiffs' experts can now be more closely monitored, using those longitudinal facts. One illustration: at a recent trial a nationally renowned expert was asked to explain a series of tables he had presented to the court. Astonishingly, he didn't understand his own tables. Moreover, when those tables were explained to him (!!), they served the defendants' case.

2. Predictions about busing effects have obviously gone awry and are now being scrutinized as never before. The American system permits a certain amount of free exchange, ranging from congressional hearings to individual litigation cases. Judges and Congressmen (as well as media representatives) are more likely to examine facts themselves, rather than naively trust the experts.

3. Historically, fact-oriented social scientists have feared testifying on busing. There was apprehension of being tar-brushed "racist," should one testify that students fail to derive benefits from busing. But the term "racist" has now been used so often – applied to every President since Harry Truman – that it has largely lost its inhibiting effects. This is particularly true now that busing can no longer be validly depicted as a "black vs white" issue. Solid busing opposition is registered by black parents whose children have experienced busing reali-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ties.(20)

4. Despite persisting bias in key academic quarters, a growing body of literature documents actual busing consequences; to a certain extent this is related to awareness within some editorial circles that it is wise and timely – after several decades of imbalance – to retain some credibility by providing at least reference to the hidden side of desegregatory effects.

5. More than a few judges realize that they have been "used" with respect to social science. The NAACP is sensitive to this. Presently, the organization objects to granting black parents the right to have their children attend neighborhood schools, and also objects to introduction of evidence that busing impedes black learning.(21) This novel position finds the NAACP seemingly indifferent to remedies that are at best nonhelpful, and probably harmful, to black students. This NAACP stance has created a new mood with certain judges who have issued remedies which now lack credibility. And so Judge J. Skelly Wright has declared "a plague on the house of social science." Judge John Minor Wisdom and William E. Doyle insist that social science no longer effects busing decisions.(22)

Nowhere is the final product of inexpert expert testimony more apparent than in Boston. Here black parents oppose forced busing by a whopping 79%.(23) In the early 1970s Judge Arthur Garrity accepted, as fact, expert testimony attesting to alleged academic benefits black students would derive from busing. That testimony has returned to haunt him. Attorney Larry Johnson, representing the original black plaintiffs, faults Judge Garrity "because he did not make sufficient showing of improvements in desegregation and equal opportunity from desegregation."(24)

Judge Garrity, of course, had trusted establishment experts. In this respect, he joins with judges from across the country. However, not one of those judges wants to be in Garrity's shoes. That may be the best reason for nonactivist attorneys to play the Social Science card. More than ever before, and out of self interest, judges want to hear both sides of complex desegregatory questions. They don't want their information restricted, don't want to be ultimately sandbagged when their remedies are shown to be demonstrably counterproductive. Moreover, skillful use of the more carefully researched social science studies should not only enhance prospects for success

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

by those seeking to curb social activism in areas such as the forced busing of school children out of their home localities; but more significantly, such a move promises to insert a new definition of morality into the desegregation dispute, by demonstrating that "color blind" and neighborhood schools can deliver a higher quality of education for thousands of America's poorest and most vulnerable students.

FOOTNOTES

(1) Weiss, Carol H. *Using social research in public policy making*. Lexington, Mass.: Lexington Books, 1977, p. 8.

(2) Wolf, Eleanor P. *Trial and Error: The Detroit School Segregation Case*. Detroit: Wayne State University Press, 1981.

(3) Coleman, James S. et al., *Equality of Educational Opportunity*. Washington, D.C.: U.S. Government Printing Office, 1966.

(4) Dyer, Henry S. "School Factors and Equal Educational Opportunity," *Harvard Educational Review* 38: 38-56, 1968.

(5) Coleman, James S. "The Meaning of Equal Educational Opportunity," In L.P. Miller and E.W. Gordon, (Eds), *Equality of Educational Opportunity*. New York: AMS Press, 1974, pp. 3-16. Also, *ER News, Educational Researcher* 2: 16-17, 1973.

(6) Coleman, James S. "School Desegregation and City-Suburban Relations," Paper presented at Community College, Dearnborn, Michigan, April 21, 1978.

(7) Orfield, Gary. "Research, Politics, and the Antibusing Debate," *Law and Contemporary Problems*, 42: 141-173, Autumn, 1978. Also, Clark, Kenneth. Social policy, power and social science research. *Harvard Educational Review, Vol. 43* (1), February, 1973, pp. 113-121. This article conveys rather explicit threats to academicians who disagree with Clark, the NAACP's central expert at *Brown*. Clark suggests that social scientists are willing to "compromise the fundamental humanity of dark skinned children and (who) by so doing provide public officials with rationalizations for regressive policies of malignant neglect...(thus becoming) agents of injustice. This role raises the serious question of whether social scientists and the type of research for which they are responsible should be permitted to have any direct role in decisions on important matters of equity, justice and equality of groups of human beings. Social scientists must set up an apparatus to monitor scrupulously their own work and involvement in matters affecting social policy. They must assume the responsibility for protecting a gullible public from the seductive pretentions of scientific infallibility which are now increasingly being offered. Social scientists must assume the difficult role of monitoring with vigilance the partnership of regressive politicians and social scientists."

(8) Since the election of President Reagan, fact-oriented social scientists have sought to encourage federal policies receptive to open investigation of desegregatory effects within the National Institute of Education. Professional organizations have responded by charging that NIE is biased in placing "non qualified" personnel within the agency, a rather strange charge in view of evidence, since the NIE's research record is hardly impressive. For evidence of the interest professional organizations have taken with respect to the "politization" of NIE, see the June 4, 1982 letter to Terrell Bell, Secretary, Department of Education. This is signed by James G. Greeno, President, Federation of Behavioral, Psychological and Cognitive Sciences;

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Michael S. Pallak, Executive Officer of the American Psychological Association; and William Cooley, President of the American Educational Research Association (AERA). Also, see Florio, David H. Education and the political arena: Riding the train, shaping the debate. *Educational Researcher*, official publication of the AERA, October, 1983, *Vol. 12* (8), pp. 15-16.

(9) Personal correspondence; identifying information is available upon request to qualified readers.

(10) Personal correspondence associated with a grant proposal submitted to NIE, 1982. Identifying information available to qualified readers upon request.

(11) NIE awards to investigators, who have reported a strong relationship between busing and black learning, are too numerous to mention. Some of these awards include: Crain, Robert L. and Mahard, Rita E. *Desegregation Plans that Raise Black Achievement: A Review of the Research*. National Institute of Education (N-1822-NIE), June 1982; Hawley, Willis D. and eight others. *Volume I: Strategies for Effective Desegregation: A Synthesis of Findings* (to be followed by at least eight other volumes). Vanderbilt University, April 1981 (Co-funded by NIE and the Office for Civil Rights).

(12) The Effect of School Desegregation on the Academic Achievement of Black Students, NIE, 1982-1983.

(13) Wortman, Paul M. Flaws in the studies of school busing. *Chicago Tribune*, June 2, 1983.

(14) Presentation of papers on desegregation and black learning, sponsored by NIE, Horace Mann Learning Center, FOB 6, Washington, D.C., December 17, 1982. For a description of this meeting, see "Slight academic gains made by blacks in desegregated schools: But scholars at NIE Forum disagree on significance of studies' findings," *Education Week*, February 16, 1983, p. 11.

(15) Scott, Ralph S. Jr. *Black Achievement and Desegregation: A Research Synthesis*. Washington, D.C.: American Education Legal Defence Fund, 1981, pp. 37-52; also, see *Education Daily*, September 24, 1975; additionally see *Prejudice and pride: The Brown decision after twenty-five years*, Washington, D.C.: National Academy of Education, 1979, p. 17.

(16) Chambers, Julius L. Implementing the Promise of *Brown*. In Ray C. Rist and Ronald J. Anson, *Education, Social Science and the Judicial Process*. New York: Teachers College Columbia University, 1977.

(17) Graglia, Lino A. "From Prohibiting Segregation to Requiring Integration: Developments in the Law of Race since *Brown*" in Walter G. Stephan and Joe R. Feagin (Eds), *School Desegregation: Past, Present and Future*; New York: Plenum Press, 1980.

(18) Wolf, Eleanor P. *Trial and Error: The Detroit School Segregation Case*. Detroit: Wayne State University Press, 1981.

(19) During 1983, experts testified in litigation in Mobile, Alabama and Kansas City, Missouri that busing would promote black learning (*Birdie Mae Davis, et al., vs. Board of School Commissioners of Mobile County, Alabama, et al.* and *Erica M. Black, et al., vs. State of Missouri*, respectively).

(20) Stephan, Walter G. and Feagin, Joe R. *School Desegregation: Past, Present and Future*. New York: Plenum Press, 1980; *New York Times*, June 21, 1982; Wilkinson, J. Harvie III. *From Brown to Bakke: The Supreme Court and School Intervention: 1954-1978*. New York: Oxford University Press, 1979; and Raffel, Jeffrey A. *One Year Later: Parent Views Toward Schools in New Castle County after the First Year of Desegregation*. Newark, Delaware: College of Urban Affairs and Public Policy, 1979.

(21) NAACP rejection of the option to provide black students with the opportunity to attend neighborhood schools is reported in : *Boston Globe*, March 5, 1982, and *Newsweek*, April 5, 1982; NAACP opposition to testimony involving possible harm to black youngsters who are bused appeared in *State of Missouri vs. Craton*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Liddell, et al. Also see NBC Nightly News, February 2, 1970; Gitelson, as cited in Sedlacek, W.E. and Brooks, G.C. *Racism in American Education.* Chicago: Nelson-Hall, 1976, p. 2; and Wisdom, John Minor. In Wilkinson, J. Harvie. *From Brown to Bakke: The Supreme Court and school integration: 1954-1978.* New York: Oxford University Press, 1979, p. 190.

(22) Wisdom, John Minor. In Wilkinson, J. Harvie. *From Brown to Bakke: The Supreme Court and school integration: 1954-1978.* New York: Oxford University Press, 1978, p. 190. And, Doyle, William E. Social science evidence in court cases. *Educational Forum,* Vol. 41, March 1977, pp. 263-270.

(23) *Boston Globe*, March 5, 1982. And, *Newsweek*, April 5, 1982.

(24) Scott, op. cit., p. 28. Also, See *Boston Globe*, March 5, 1982; *Newsweek*, April 5, 1982 and *Boston Herald*, October 16, 1983.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

BOOK REVIEWS

PAKISTAN DEVELOPMENT PRIORITIES

S.J. Burki and Robert Laporte
Oxford University Press

A number of scholars have contributed to this survey of the Pakistan economy, showing Pakistan to have made remarkable economic progress despite problems of the kind that have defeated so many other third world countries.

At the time of partition, Pakistan had to create an entirely new governmental structure, based on the admittedly sound foundations of local and regional administration bequeathed by the British. Most of the trained administrators and clerks had been Hindus, and these left for India in large numbers. Attempts at democratic administration were highly unsuccessful, and during the period of elected government, not only were many industries nationalized, but corruption was rampant. Under Ayub Khan, there was a substantial recovery, followed by the loss of East Pakistan, after the Indian invasion. While some progress had been made in the industrialization of West Pakistan, the old British-established industries of jute and tea growing were the two main export earners for Pakistan, and both of these were located in the lost territories of East Pakistan.

In the event, however, the loss of East Pakistan was not fatal, since East Pakistan – the original East Bengal of British Empire days – was already suffering from a population explosion which has since continued unabated, and makes Bangla Desh one of the poorest nations of the world. It could be argued that Pakistan benefited from the loss of East Pakistan – a territory which was geographically and racially very distinct. Indeed, the standing joke was that East and West Pakistan, separated by nearly one thousand miles of Indian territory, had only three links in common: the Moslem religion, the English language, and Pakistan International Airlines, with the emphasis upon the word "international" because flights from East to West Pakistan encompassed a thousand miles and involved transiting over India.

Yet today, under strong centralized government and a relatively free enterprise system (not, perhaps, untinged by inter-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

locking family ties between military leaders, bureaucrats and major industrialists) Pakistan, as one author expresses it, "has progressed socially and economically to the extent that with careful policy making and administration, Pakistan has the potential to cross the boundary separating low-income countries from middle-income countries.

Only the population problem poses a threat which might well destroy Pakistan's hopes, both economically, and in the process, even politically. The government is well aware that further economic progress (and freedom from the ecological disasters of a kind that now threaten the very balance of life in Bangla Desh) is dependent upon some form of population control. It is true that continuing rapid population growth is unavoidable into the forseeable future. Twenty five years from now projection indicates a population of some 160,000,000, or double that of 1980. Large numbers of Pakistanis are taking advantage of the lax immigration controls in Western countries, notably of the USA, Canada and Britain, to migrate overseas. This is helping Pakistan at the expense of countries such as Britain, which are already overcrowded, and face a catastrophic decline in the standard of living as their rural areas continue to disappear, replaced by expanding urban areas.

New family planning initiatives have been established, but while it would seem as though the middle classed are more or less ready to take advantage of these, the vast majority of the rural and poorer townspeople are not being reached adequately by these measures. The outlook for restraining the pressure of population on the Pakistan economy remains dismal.

THE INTERNATIONAL CRISIS IN THE CARIBBEAN

Anthony Payne
Johns Hopkins University Presses

One sometimes wonders about the wisdom of providing government financial support for educational institutions which support university presses engaging in openly politically motivated and slanted publication.

This book deals with a vitally important area that is of especial importance to the destiny of North America, and through North America, of the entire world. Until the Monroe

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Doctrine, long lauded in the USA as an achievement which would protect U.S. interests, the Caribbean was dominated by European powers, and those powers were strongly opposed to revolutionary forces. Only in Haiti, during the period of the tragic and bloody upheaval of the French revolution, had the Haitian natives, led by mulattoes, successfully plotted the simultaneous murder of the French plantation owners and their wives and children, free from fear of any retribution from Europe. But it was the U.S.A. that was responsible for tilting the balance of power and undermining conservative European influence in the Caribbean. For some time the U.S. managed to retain a position of influence in the area, but after the Soviets were permitted to convert Cuba into a client state, and Venezuela and Mexico – independent of Spain, thanks largely to U.S. influences – acquired substantial oil wealth, the Caribbean situation has changed considerably.

Despite evidence that the Soviets and their client state, Cuba, had not only seized control of Grenada by assassination and revolution, but also intended to make it a prime air base from which supplies and agents provacateur could be infiltrated to revolutionary forces throughout central and southern America, the author's prime motive in writing this supposedly historical survey appears to be to call into question the wisdom of American intervention against Soviet and communist revolutionary movements in this vital area. In his own words, he declares the overthrow of the murderous regime which had seized power in Grenada, with the financial and military aid of international communism, as "a blatant breach of the United Nations Charter" and as U.S. intervention in the "domestic affairs" of a sovereign independent state. If that is the correct interpretation of American action, what right had Britain to resist the efforts of the ambitious Napoleon to undermine or overrun continental Europe? Must every nation wait until they are attacked, before attempting to prevent the enemies of freedom from strengthening their power by promoting bloody coups in free nations? Is a nation in which power has just been seized forcefully and murderously by the agents of a foreign totalitarian power, that openly evinces its moral duty to support such revolutions until its own political creed dominates the entire world, still an 'independent,' sovereign nation? This reviewer does not see that to be in any way a sane

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

or possible interpretation of events. The true shame of the Grenada affair was the failure of the British government to take appropriate action in light of its own legal responsibilities to Grenada and its people. The British had the prime responsibility to defend freedom in Grenada; when they failed to honor this duty, the Reagan administration acted courageously and with commendable morality. I wish that I could say that this book contained sufficient useful data to redeem the obvious bias and seemingly biased intentions of its author. But what use can one make of statements that "the Cuban leadership has long seen the case for an economic rapprochement with the United States . . . in sum, it seems as if it is only the right wing governments of the United States and Britain which have yet to open their eyes to the consensus that has emerged in opposition to their policies."

How, we have to ask, can such a compilation of mere bias appear under the aegis of a university press, supposedly committed to scholarship and an objective treatment of facts?

THE MOOD/INTEREST THEORY OF AMERICAN FOREIGN POLICY

Jack E. Holmes
University of Kentucky Press

Author Jack Holmes expresses the opinion that a 1952 article by Frank L. Klingberg, portraying American foreign policy as the product of a fluctuation of moods ranging from 'introversion' to 'extroversion', made an important contribution to the study of American foreign policy history. This theory characterizes American foreign policy as fluctuating between inward-looking (or isolationist) and outward-looking (or interventionist) moods of public opinion. However, the roots for such aggregated behavioral and attitudinal patterns need to be investigated more deeply than is implied by any simple bimodal classification such as this, and his book reveals weakness to this extent.

The author efficiently traces the changing 'moods' of the American public, and has gingerly suggested that such attitudes are at least partially due to the power of interested groups who constantly lobby for the real issues, but often disguise their

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

objectives behind moralistic arguments. He cites, for example, efforts made to influence American public attitudes in respect of the American-Mexican war and the U.S. commitment to Israel despite the administration's desire to retain a secure flow of oil from the Arab countries. One is driven to enquire whether or not the investigation of these interest groups would not be more fruitful than the investigation of supposed 'moods' induced by the media in favor of specific causes, since his 'moods' seem to be largely the product of such manipulation.

National 'mood' is not just something that swings like a pendulum, even if it may have the capacity to do this. It results from real causal forces, whether these be the product of propagandizing by interested groups or of accidents of historical circumstance. The danger in concentrating upon 'mood' is that it may result in a failure to go beyond mood to determine the forces that create mood.

REVOLUTION POSTPONED: WOMEN IN CONTEMPORARY CHINA

Margery Wolf
Stanford University Press

The communist victors in China promised women equality with men as one of their ideological party goals – even though it is very doubtful as to whether Chinese women, at the time of the Communist military victory, were particularly attracted to such a goal, or were notably dissatisfied with their traditional roles in Chinese society. However, Margey Wolf has set out to enquire whether or not, and to what extent, that promise has been kept by the Communist rulers in Beijing.

Clearly written with feminist commitments dominant in the mind of the author, the text nevertheless effectively reveals the extent to which communism has to date failed to deliver on these promises, and – more remarkably – it concludes that little further progress can be anticipated in the forseeable future. In the mind of the author, clearly, it is unlikely that the government *will* deliver on these promises. In the cities, the women now find life drastically changed from before the communist revolution, though not entirely in the direction that might have been anticipated. In the countryside there have been fewer changes, though many of these have scarcely im-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

proved the lot of women.

The book is based upon private interviews with over 300 women in six widely separate urban and rural areas. So far as possible, the women were encouraged to speak out freely, but many nevertheless took refuge out of insecurity behind government slogans. One of the most interesting and revealing chapters is that dealing with the Birth Limitation Program. Abortion is available and free in Communist China today, and contraception is firmly promoted. Each woman is in the charge of a birth limitation worker who checks her regularly to make sure that she is using the contraceptives provided to her, and to discover at an early time if she has begun an unauthorized pregnancy. These measures seem drastic to Western readers, but one has only to consider the alternative – poverty, starvation and misery, unless China resorted to the option chosen by so many other Asian countries, which is to encourage migration of the surplus population to other countries which are not involved in a comparable demographic explosion. One can hardly condemn the Chinese government from trying to avoid the situation in an already overcrowded China from deteriorating even further, to everyone's loss – especially to the loss of the ensuing generations. One can note the irony of ideological Marxist opposition to 'false capitalistic notions of Malthusianism', with the reality of overpopulation that Communist China is now forced to face.

WORK IN MARKET AND INDUSTRIAL SOCIETIES

Herbert Applebaum (Ed.)
State University of New York Press

An entertaining case study type account of various occupations and their subcultures from around the world. Topics range from comparisons of Japanese and English factory environments and labor-employee relations, to studies of Japanese bank workers, British railroad workers, Bolivian miners and District of Columbia fire fighters.

There is no main theme linking these separate papers by separate authors, but the result is nonetheless educational in a light, entertaining and refreshing way.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

U.S. MILITARY POLICY

Bruce Weinrod (Ed.)
Young America's Foundation, Reston, VA

Described as a 'handbook', this volume comprises a number of summaries of information relating to defense issues. These are organized under the following headings; The Case for a Strong U.S. Defense; The Nuclear Weapons Policy; Arms Sales to the Third World.

All the most highly debated issues, from Salt II to the M.X. Missile, are effectually summarized under these not very explicit headings. A competent survey of published literature, and ample bibliographies.

NATIONALIZING CRIMINAL PROCEDURE

The Young America's Foundation and the Center for Judicial Studies, Washington D.C.

This volume contains a collection of scholarly and legal opinions relating to the debate between those who would centralize control over the American legal system on a nationwide basis, and those who prefer to retain a degree of federal or local state control. The papers are expert opinions on this important issue. Needless to say, the prime division of opinion hinges upon the desirability of centralizing power in the hands of federally appointed judges, as opposed to the retention of substantial judicial power in the hands of the states.

DISMANTLING THE STATE

The Theory and Practice of Privatization

Madsen Pirie
The Center for Ethics & Policy Studies, Washington D.C.

The author, a British national, discusses the Thatcher government experiment in transferring enterprises which had been nationalized by previous Labour Party governments to at least partial private control.

The projects included in this privatization program include British Telecom (the huge government-owned telephone and telegraph system), British Leyland (the manufacturers of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Jaguars), a controlling interest in the North Sea Oil stock, (formerly held by the government), much of the government stock in British Petroleum, and various subsidiary aspects of British Steel, British Rail, and – in the near future – British Airways itself.

Some of these enterprises had been privately owned until nationalized by earlier labor governments. Indeed, when the present conservative government came to power, 10 per cent of Britain's gross national product was attributed to industrial sectors that had been nationalized during the previous decades. As a result of the government sale of these assets, and of enterprises such as British Telecom (which had always been government managed), no less than 400,000 workers who had been employed in government controlled jobs – nearly one third of the total workforce – have been transferred to the private sector.

The theory behind privatization is that privately run enterprises will be more efficient than government managed concerns, and that the need for the state to subsidize poorly performing government managed operations will cease to be a drain on the taxpayer.

WORLD ECONOMIC GROWTH

Arnold C. Harberger
Institute for Contemporary Studies, San Francisco

A collection of papers dealing with economic development 'case histories' from around the world. The work of many different contributors, this publication provides a useful account of recent world economic history in the areas which it covers.

Topics covered include the following: Economic policy and performance in Britain since World War II; Japan's Growth 'Problems'; Economic Growth in Sweden; From Economic Miracle to Stagnation, the German 'Disease'; U.S. Stabilization Policy (U.S. economy since WW II); Tanzania, Phoenix or Icarus; Ghana, Missed Opportunities; Indonesian Economic Growth; Jamaica, Liberalization, Centralization, and Back?; Taiwan's Economic Miracle; Mexico's Path from Stability to Inflation; Uruguay's Erratic Growth.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RELIGION AND THE PRESIDENTIAL ELECTION

Paul Lotatto
Praeger Publishing Co.

A valuable analysis of the statistical relationships between religious denomination and voting behavior in recent presidential elections.

Many of the critical comments made by the author in the process of analysing the statistics which he provides are of considerable value, though his attempted classification of religious groups into "Conservative", "Moderate" and"Liberal" leaves a lot of explanation to be desired. For example, he chooses to classify, without explanation, Seventh Day Adventists as "Conservatives". The present reviewer has always regarded this group as being anything but conservative by traditional WASP standards, and yet one assumes from the way the author writes that that is what his concept of "conservative" comprises. Others who regard themselves as conservatives would claim that churches, such as the Presbyterian, that support the World Council of Churches are far to the left of liberalism . . . that is not to say that there are not members who share these views, but that their churches definitely do qualify for this description. Yet the author classifies them as "Moderate Protestants" preserving the designation "Liberal Protestants" for the Unitarians (who would certainly be said by most observers to be that), the Methodists, and the Episcopalians, not to mention groups such as the United Church of Christ.

When one reflects on the published views of these churches, through their official newsletters and publications, one wonders how Ronald Reagan ever won the last two elections. With virtually no truly conservative church groups available to support him, he would have been, from the religious point of view, opposed by a wide range of well-financed "liberal" church groups, amongst which the author includes not only the aforementioned Christian churches, but also the Jews, who are well known to be financially and politically influential. A strictly logical analysis of the situation would seem to imply that if Reagan won the election due to support from organized religion, he could not have been the "conservative" he is described as being by the media! The author's conclusion is that contrary to the claims of the "moral majority" there was little

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

195 - Art de Women + War in Israel. By prof. at U of Haifa. Objective survey study.

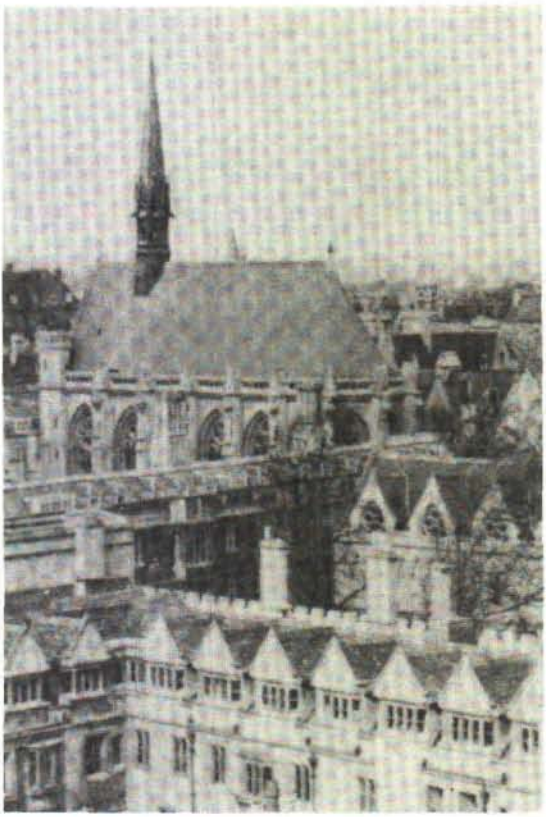
evidence of a groundswell of evangelical support for Ronald Reagan. Among what he describes as "conservative Protestants, the victorious Reagan pulled down a vote that was still 22 per cent lower than Richard Nixon had received eight years earlier." Indeed, the author attributes the Reagan victory, in so far as any religious pressure groups were concerned, to a defection by Catholics away from the Democratic party, with a similar defection of non-religious persons from that party. The lesson would appear to be that the Reagan Administration should not be coerced by "moral majority" movements but should instead listen to grass roots movements among the more conservative American individuals, regardless of those who merely claim to speak for the highly moral majority of American peoples proud of their national heritage. Indeed, the author claims that the influence of the "moral majority" leaders, such as Falwell, in organizing support for the Reagan Administration is less than the political influence achieved by the Ku Klux Klan in the 1920s!

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

OXFORD SEMESTER In International Studies

The Washington International Studies Center, in cooperation with the Rector of Exeter College of Oxford University, will offer a 15-credit overseas semester program beginning with the Spring Semester of 1985. A full 15-credit summer semester will also be conducted.

The program will include courses and small seminars in international relations, international economics, international law, diplomacy, modern history, comparative government, political science and political philosophy. Each student will choose a specialized tutorial—the most distinctive feature of an Oxford education—which will be limited to 3 students.



The chapel of Exeter College, Oxford University's fourth oldest college, founded in 1314.

The Director of Studies of the Oxford Semester is Lord *Norman Crowther-Hunt, the Rector (Master) of Exeter* College and President of the University's Extra-Mural Program. One of Britain's most distinguished political scientists, he has been an advisor to Prime Ministers and Minister of State for Education.

Overseas Semester students will not be degree candidates in the University but may earn 15 credits which may be transferred to their home colleges. Students who successfully complete the requirements of the program will receive a certificate of accomplishment from the Rector of Exeter.

Students will be integrated into the student life of Oxford. They will be able to dine periodically in the Hall of Exeter College and will live in rooms in the College during part of *the Semester so that they will receive the advantages of the* Oxford collegiate system of education.

Students will be able to select from the extra-curricular activities of over 250 clubs and societies, will attend receptions and will take part in a study tour of London, including guest lectures from Members of the House of Lords and House of Commons, of the Cabinet, staff of the Prime Minister's Office, of the media and of foreign embassies.

ADMISSIONS QUALIFICATIONS

A limited number of highly qualified college juniors and seniors will be admitted to the program. The total cost of the program, including academic tuition, room, board, the London Study Tour and other special activities and airfare is $7,000 a semester. Financial aid will usually be available through the student's home college.

For more information, please write to:

The Washington International Studies Center
The Metro Campus, George Mason University
3401 North Fairfax Drive
Arlington, VA 22201
(703) 841-2676

THE WASHINGTON SEMESTER PROGRAM IN FOREIGN POLICY STUDIES is also offered by *the Center. Professors and graduate assistants are* invited to inquire about the Center's faculty host program in which scholars accompany their students to either Washington or Oxford and take a full part in the Semester Programs. The Center is an EO/AA institution.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Sail a tall ship to a small island.

Here's running with the wind to great ports o'call, secluded coves and keys in the exotic Caribbean.

There's something for both 'old salts' and 'landlubbers' in a world where leisure was invented.

Join an intimate group of fun-loving shipmates for 'barefoot' adventure under white sails.

6 days before the mast from $425.

Send for FREE color Great Adventure Booklet.

Windjammer Barefoot Cruises LTD.

Box 120. Dept 2219 Miami Beach, FL 33119-0120
TOLL FREE 1-800-327-2600 1-800-432-3364 (in FL)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED